artivision technologies



ADVANCING TO THE NEW PLATFORM

2015 ANNUAL REPORT

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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.

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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 (re-designated from Chief Operating Officer with effect from 18 November 2014)

Ng Weng Sui Harry
Independent Director

Dr Tan Khee Giap
Independent Director

Wong Chee Meng Lawrence
Independent Director

Koh Boon Liang Alan
Independent Director

Ching Chiat Kwong
Non-Executive Director

Company Secretaries
Leong Chuo Ming and Yvette Lim Pei Yung
(resigned on 16 October 2014)

Lau Yan Wai
(with effect from 16 October 2014)

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 Certified Public 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)

Principal Bankers
Standard Chartered Bank

United Overseas Bank Limited

CHAIRMAN'S STATEMENT



We will continue to focus on programmatic video advertisement insertion formats technology based on our proprietary algorithm intelligence data as well as growing our Contract Manufacturing business.

Mr Soh Sai Kiang Philip
Non-Executive Chairman

CHAIRMAN'S STATEMENT

Overview

Revenue for the financial year ended 31 March 2015 ("**FY 2015**") increased to S$8.05 million from S$2.01 million in the previous financial year ended 31 March 2014 ("**FY 2014**"). The increase in revenue was largely contributed by our subsidiary, Colibri Assembly (Thailand) Co., Ltd. ("**CAT**"), which was acquired in December 2013. CAT is in the Contract Manufacturing business. Revenue from the Contract Manufacturing business accounted for approximately 98% of the Group's total revenue in FY 2015 and we expect CAT to continue to be one of our drivers of revenue and cash flow in the current financial year.

The Video Management Equipment and Solutions business saw a decrease in revenue from S$0.05 million in FY 2014 to S$0.02 million in FY 2015. With our field-tested technology and the increase in security concerns globally, we will continue to provide our technology and service in this business division when customers request for them.

The Group's Media Solutions business had started to generate positive revenue stream since the 3rd quarter of FY 2015 ending with total revenue of S$0.11 million in FY 2015 compared to S$0.01 million in FY 2014. The revenue from this business division was mainly derived from Israel. We have made significant progress by having exclusive business agreement with Walla! Communication Ltd, Israel's leading internet portal. Globes Publisher Itonut (1983) Ltd, CTV Media Israel Ltd, The Sports Channel Ltd and other small but significant media publishers in Israel also use our programmatic video advertisement insertion formats technology based on our proprietary algorithm intelligence data. We have also signed with various advertising agencies and brands for them to use our technology which have given these advertising agencies and brands a better reach to viewers in terms of relevant advertisements being served. We are continuing our marketing efforts to improve the pick-up rate of our advertisement server technologies, particularly in the People's Republic of China, where the Group is cautiously optimistic of the business prospects. We expect to continue to generate positive revenue for the Media Solutions business for the current financial year.

New Developments

Contract Manufacturing Business

CAT is a contract manufacturer of disk drive technology products for a US-based multinational corporation (the "**Customer**"). CAT has recently built another clean room to facilitate more production lines as we foresee an increase in demand from the Customer. We may consider working together with the Customer to automate some lines in our clean room to increase the productivity yield.

Video Management Equipment and Solutions Business

We are beta-testing our smartphone application which we have developed using our facial recognition technology as an added security function for smartphones and tablet computers. The feedback and response from selected users have been positive thus far and we hope to further develop other applications, which will utilise our facial recognition technologies.

Media Solutions Business

We have, in January 2014, subscribed for 4.99% of the issued and paid-up share capital of 212 DB Corp. ("**212 DB**"), a private limited company founded by Dr John Acunto, Ph.D. in Mathematics. 212 DB has completed a reversed takeover in the US Nasdaq Bulletin Board under the stock counter name Nyxio Technologies Corporation ("**Nyxio**"). Our portion of the shareholding in this new entity is 44.5808 Preference Stock. We will continue to monitor and evaluate the investment in Nyxio.

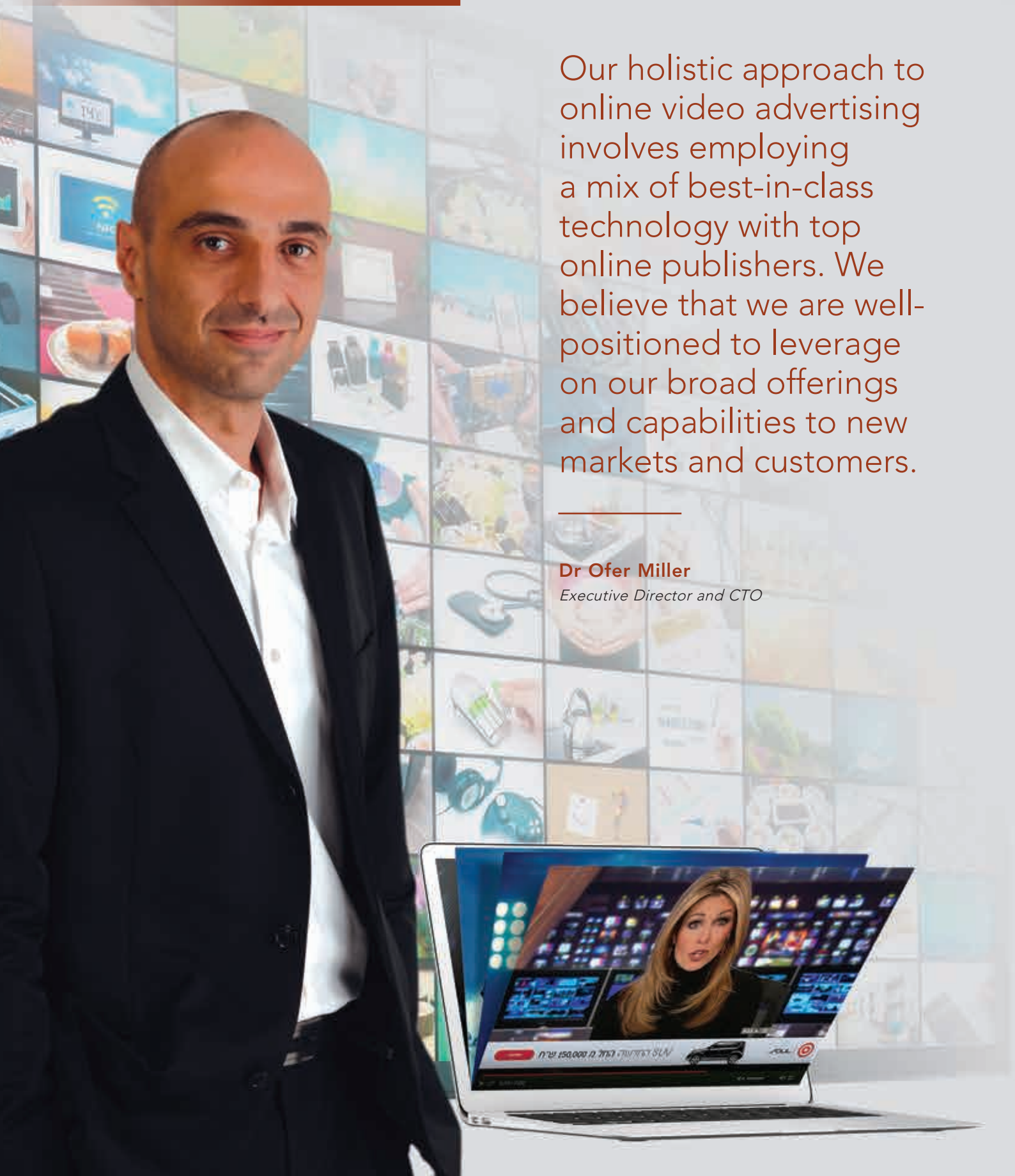
Our Focus

We will continue to focus on programmatic video advertisement insertion formats technology based on our proprietary algorithm intelligence data in the People's Republic of China, Israel, Europe, USA and Singapore where we have established a presence. We will also continue to focus on growing our Contract Manufacturing business with the Customer.

In Appreciation

On behalf of the Board, I would like to thank all shareholders for their loyal support.

CHIEF TECHNOLOGY OFFICER'S STATEMENT



Our holistic approach to online video advertising involves employing a mix of best-in-class technology with top online publishers. We believe that we are well-positioned to leverage on our broad offerings and capabilities to new markets and customers.

Dr Ofer Miller
Executive Director and CTO

CHIEF TECHNOLOGY OFFICER'S STATEMENT

Expanding our market offerings for Online Video

In the past year, we have successfully launched Artimedia as a new breed of premium video advertising platform. We have focused our efforts on expanding our offerings to brands and advertising agencies, with the introduction of specialised formats and processes, as well as enhancing the core capabilities of Artimedia's self-service campaign management interface which provides advanced audience targeting and holistic optimisation across premium sites on desktop and mobile devices.

Enhanced offerings for Brands and Advertising Agencies

Artimedia's technology automates and streamlines the complex manual processes which characterise today's online video media buying – from planning and operation, to analysis and optimisation across all stages of the campaign. With Artimedia, advertisers and advertising agencies can execute data-driven and results-based video campaigns, in order to reach an optimally targeted audience for their brands.

Artimedia's programmatic video advertising network offers an exclusive access to high quality video inventory on leading online publishers, combining interactive advertising formats that maintain the viewer experience and show viewers advertisements that are customised to their behavioural profile and Internet use habits.

Our core proposition for marketers is the platform's ability to reach relevant digital audiences with advanced demographic segmentations and behavioural targeting through a single, easy to use, self-service interface. The platform matches advertiser's campaign audience and content targeting criteria with actual viewers, to deliver the best performance at the most optimal price in real time.

New Products

In the past year, we have developed unique and focused propositions for brand advertisers, which are focused on the promotion of targeted products and/or services; and for performance advertisers, which are focused on campaign-effectiveness, or the ability to generate revenues from advertisements.

We have launched the EngageRoll™, a new video advertising format which enables a new efficient and fair pricing model for video advertisements, based only on viewers who chose to complete a full view. The EngageRoll™ is a skippable video advertising format which segments viewers based on their specific advertisement content engagement and preferences.

This data smart format allows viewers to choose whether they want to watch the actual video-advertisement. It appears before (pre-roll) and during videos (mid-roll) and is based only on real views – The advertiser pays only when someone chooses to watch his advertisement, so he doesn't waste money on advertising to people who aren't interested in his business. This advertising format also enables data fusion for individual re-targeting.

Moving into Mobile

We are in the midst of introducing our video content analytics to mobile phone devices through an application which, utilising our facial recognition technology, serves as a biometric security mechanism. The application is currently in the beta-testing phase and we seek to leverage on our proprietary technologies to develop more applications which will run on the fast-growing mobile device segment.

Upcoming New and Exciting Developments

With our advanced advertising technology which allows us to collect and cross-match audience data, and to better understand and categorise video inventory, we are looking to optimise our targeting and re-targeting capabilities and to increase online video advertising completion rates. We believe our unique offerings for both brands and advertising agencies, are well-positioned to leverage on our broad offerings and capabilities to new markets and customers.

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 SGX-Catalist on 18 August 2008. The short name is "$ Artivision" and our ISIN Code is SG1X21941023. SGX code: 5NK.

Our Business

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

Our Technology

We possess 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 surveillance closed-circuit television ("**CCTV**") cameras, handheld video recorders, digital cameras and mobile phones with built-in cameras is staggering and still growing.

The utilisation of VCA technology to analyse the 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 the field of video online advertisement.



GROUP'S OVERVIEW

Our proprietary VCA technology, based on an object-based algorithm platform and the Temporal Analysis concept, is scalable and robust and possesses a 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 positive results.

The Media Solutions Division

Our media arm – Artimedia Pte. Ltd., 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 employing a mix of best-in-class technology with top online publishers. The technology platform we built offers high impact video advertising formats across devices that enable 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. Our unique proposition enables brand advertisers to maintain multiple sequential touch-points with the viewer, with advertising technology for displaying and engaging advertisements 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 advertisements. With new advertising technology, we offer shortened conversion paths with in-banner conversion.



GROUP'S OVERVIEW

Advision™

Advision is an end-to-end advertising platform built from the grounds up for video. 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 algorithm and uniquely leverages automated and scalable content analysis to deliver the strongest results across online video, while maintaining viewers engaged and on-site.

We offer innovative and engaging video advertising formats that synchronise advertisements with video contents for optimised performance. You can choose from a variety of formats or combine them, add tools to interact and etc as follows:

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

EngageRoll™

EngageRoll format allows viewers to choose whether they want to watch the actual video advertisement. 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 advertisement, so customers don't waste money advertising to people who aren't interested in the customer's business. Customer can also add a unique offer to create higher engagement.

TargetRoll™

Uses content analysis technology to automatically identify and map standard Interactive Advertising Bureau ("**IAB**") display advertising units that seamlessly blend into video, without obscuring content. TargetRoll uniquely leverages the simplicity of display advertisements and the inherent engaging element of video to drive higher engagement while optimising viewing experience as never seen before.

SmartOverlay™

One of the most revolutionary formats in the industry that shows standard (IAB) or smart (VPAID) overlay advertisements without obscuring content to maximise engagement. Upon displaying the SmartOverlay™ advertisement, video playback is adapted to maintain the complete viewing section intact above the advertisement itself, automatically resuming to its original size upon completion.

SceneRoll™

Uses content-analysis technology to identify the best opportunities between video scenes and introduce mid-roll advertisement 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

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

In parallel to real-time content analysis, the Advision™ system constantly measures traffic, engagement, duration, relevance, behaviour, click-through rate and other parameters, for adapting actual advertisement 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 advertisements with video content, make Advision™ highly differentiated in the marketplace. With our new video advertisement server platform, we have access to high quality media inventory for advertisers and giving

GROUP'S OVERVIEW

content owners access to advertisers, we are able to access to a large number of impressions of quality media globally on a daily basis.

The Video Management Solutions Division

As global security needs continually heighten, Artivision delivers seamless, end-to-end enterprise video solutions to proactively secure governmental and commercial organisations' key infrastructures from potential threats.

Such solutions leverage on critical real-time video content analytical algorithms to provide ahead informational alerts independent of continual scrutiny of security operators so as to enhance situational awareness in an automated and trusted surveillance operative to reduce vulnerabilities and optimisation of security resources towards enforcement.

Solutions have successfully been deployed within and around key infrastructures and installations like immigration checkpoints, military facilities, major traffic ways, high-value commercial building organisations, shopping malls and etc, adopting relevant security features of the solutions in accordance with individual surveillance operative needs.

Artivision solution features have proprietary VCA algorithms and applications that leverage this technology to detect and alert based upon predefined scenarios rules and event breaches respectively over the streams of video images from strategically located video cameras.

Such VCA technology, Avision™ had been developed by Artivison proprietarily over decades of research and development in the field of machine vision, pattern recognition, image processing and fast imaging algorithms, which results in a robust and reliable solution that continuously extract and analyse video streams and images against customer predefined scenario rule sets for consistent monitoring without fatigue and/or biasness.

Driven by continual proliferation of surveillance video cameras and video recording devices both fixed and mobile, compounding with quantum leaps of network and compression technologies for videos, the leverage of a robust and scalable VCA solution extending such



GROUP'S OVERVIEW

advancements ensures consistent return on investments across various customer surveillance platforms through future proofing and reliability on security objectives.

Solution features have been deployed in accordance to the specific security needs of wide ranging customer requirements:

(1) Intrusion Detection
(2) Perimeter Line Defence
(3) Missing Object
(4) Unattended Object
(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)
(9) Rigorous or Irrational Behaviour (Fainting/Fighting/Sudden Build-Up/Sudden Drop-Down)
(10) Traffic Classification
(11) Traffic Counting
(12) Pervasive Face Recognition

These features commensurate to the fundamental technology of the solutions deployed by intrinsic object detection and recognises the changes between these objects while tracking such changes over time in a video similarly for multimedia applications in understanding and recognising image and video content sequences. The ability to learn the background of a video and segment objects within for further analytical and algorithmic comparisons between objects results in much higher reliability in security objectives as proven with the numerous deployments.

Artivision's VCA product features have also been successfully integrated with other internationally renowned video management system products to perform as the value added layer enhancing existing surveillance infrastructure further in adoption of trusted automation and proven technology.

For more information, visit us at www.arti-vision.com/security for Video Management and Solutions Division and www.arti-media.net for Media Solutions Division.



GROUP'S OVERVIEW

Contract Manufacturing Division

Colibri Assembly (Thailand) Co., Ltd ("**CAT**") was incorporated in April 2012 and obtained the Thailand Board of Investment ("**BOI**") approval in August 2012. Among others, the BOI privileges allow CAT to be tax-free for eight (8) years as well as privileges on land purchase in Thailand.

CAT is located in the eastern seaboard, a rapidly growing and emerging economic region of Chonburi Province which plays a key role in Thailand'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 only 12km from Laem Chabang Port and 85km from Bangkok International Suvarnabhumi Airport. CAT's manufacturing facilities are approximately 40m above sea level in a flood-free zone.

CAT is a contract manufacturer of disk drive filter technology products for a wholly-owned subsidiary of a US-based multinational corporation (the "**Customer**"). CAT's main scope is to process, assemble, inspect and package these disk drive products.

The Customer is one of the only two suppliers of Environmental-Control Modules ("**ECM**") and Absorbent Recirculation ("**AR**") filter products in the entire disk drive global industry. CAT has an exclusive agreement to produce AR and ECM products for the Customer. All prototyping activities for any new products, under the sole discretion of the Customer, can be performed at any location up to a point where all qualifications and First Article inspection, submission and approval shall be performed by CAT.

During the financial year ended 31 March 2015, CAT had built an additional 136 sqm of Class 100 clean room to accommodate the modest growth expectation for the business. CAT, together with the Customer, received further qualifications of several new ECM and AR filter products from the end-customers in the hard disk drive industry.

Currently, CAT is in the process of preparing for Validated Audit Process ("**VAP**") by Electronic Industrial Citizenship coalition ("**EICC**") following the requirements from the end-customers.



REVIEW OF OPERATIONS

Overview

Artivision derives its revenue from the following segments:

(a) Video Management Equipment and 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 advertisements are delivered in and around video content.

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

The Group reported a net loss of S$5.60 million for the financial year ended 31 March 2015 ("**FY 2015**") compared to a net loss of S$5.81 million for the previous financial year ended 31 March 2014 ("**FY 2014**").

Revenue and Gross Profit Margin

Revenue for FY 2015 increased to S$8.05 million from FY 2014 of S$2.01 million. The increase was mainly due to revenue contribution from the Group's contract manufacturing subsidiary, Colibri Assembly (Thailand) Co., Ltd ("**CAT**"). Revenue in FY 2015 included twelve months revenue from CAT, while revenue in FY 2014 included only four months of revenue from CAT as the acquisition of CAT was in December 2013. Revenue from Contract Manufacturing business accounted for approximately 98% of the Group's total revenue in FY 2015. In addition, the Group's Media Solutions business generated revenue of approximately S$0.11 million in FY 2015 as compared to S$7K in FY 2014. The increase in cost of sales by S$3.80 million in FY 2015 was in line with the higher revenue especially from CAT. The gross profit margin for FY 2015 and FY 2014 was 37.5% and 39.0% respectively.

Other Losses/Expenses – net

The increase in other losses/expenses from FY 2014 of S$0.82 million to FY 2015 of S$1.72 million was mainly due to a one-time loss on share exchange (available-for-sale financial asset) as a result of share swap between 212 DB Corporation ("**212 DB**") and a publicly traded entertainment technology company, Nyxio Technologies Corporation ("**Nyxio**"), in October 2014 of S$2.06 million. This was partially offset by higher foreign exchange gain in FY 2015 of S$0.28 million, slight increase in interest income from bank deposits and other operating income of S$0.05 million and lower impairment loss on non-trade debts to a joint venture of S$0.83 million.

Distribution, Administrative and Other Operating Expenses

Distribution expenses consisted mainly of marketing and sales personnel cost and marketing expenses.

Administrative expenses comprised mainly staff-related expenses, premise-related expenses (such as office rental and utility charges) and professional fees.

Other operating expenses comprised mainly the following:

- Research and development staff-related expenses
- Amortisation of intangible assets
- Depreciation of plant and equipment
- Plant and equipment written off

The aggregate of distribution, administrative and other operating expenses for FY 2015 increased by S$1.38 million as compared to FY 2014. This was mainly due to the following:

1. Consolidation of CAT's expenses of four months in FY 2014 of S$0.39 million as compared to twelve months of S$1.56 million in FY 2015 pursuant to the acquisition of CAT in December 2013;
2. Increase in amortisation of intangible assets of S$0.17 million mainly due to the amortisation of customer relationship arising from the acquisition of CAT; and
3. Increase in overall payroll of S$0.24 million (excluding CAT's payroll) due to an increase in headcount in view of the increase in activities of the Media Solutions business.

The increase in distribution, administrative and other operating expenses in FY 2015 was partially offset by the following:

1. Decrease in share option expenses of approximately S$0.13 million, as the share options granted by the Group had been fully vested in FY 2014; and
2. Decrease in website hosting costs of approximately S$60K due to the change in hosting service providers that charged at a lower rate.

Share of Loss of a Joint Venture

Share of loss of a joint venture of S$0.15 million for FY 2015 as compared to S$0.38 million for FY 2014 related to losses incurred by Artimedia Limited ("**Artimedia BVI**"), a joint venture of Artimedia Pte. Ltd..

REVIEW OF OPERATIONS

Statement of Financial Position

Group	31 March 2015 S$'million	31 March 2014 S$'million
Current assets	4.61	4.57
Current liability	1.12	2.71
Net current assets	3.49	1.86
Non-current assets	4.92	6.87
Non-current liability	2.75	2.75
Net assets	5.66	5.98

Current assets increased from S$4.57 million as at 31 March 2014 to S$4.61 million as at 31 March 2015, mainly due to a reclassification of available-for-sale financial asset ("**AFS**") from non-current to current of S$0.61 million, increase in other current assets of S$0.38 million and inventories of S$0.15 million. This was partially offset by a decrease in cash and cash equivalents of S$0.99 million and decrease in trade and other receivables of S$0.11 million.

Cash and cash equivalents decreased from S$2.93 million as at 31 March 2014 to S$1.94 million as at 31 March 2015. This was mainly due to funds used for the Group's operating activities of S$2.47 million, purchase of property, plant and equipment of S$1.27 million, purchase of intangible assets of S$0.04 million arising from the purchase of computer software and loan of S$0.20 million to Artimedia BVI, for working capital purpose. This decrease was partially offset by net proceeds received from the Rights Issue of S$2.99 million which was completed in April 2014 (excluding the deposit of S$1.77 million received in March 2014 from the undertaking shareholders pursuant to the Deed of Undertaking relating to the Rights Issue).

Overall, AFS decreased from S$2.67 million to S$0.61 million due to loss of S$2.06 million as a result of the share swap between 212 DB and Nyxio during the year. On 1 October 2014, Nyxio acquired all of the issued and outstanding capital stock of 212 DB in exchange for the issuance of convertible preferred shares, Nyxio Series A Preferred Stock.

Trade and other receivables decreased from S$0.99 million as at 31 March 2014 to S$0.87 million as at 31 March 2015, mainly due to a decrease in trade receivables of S$0.21 million from the Contract Manufacturing business and partially offset by an increase in trade receivables of S$0.17 million from the Media Solutions business. The decrease in other receivables of S$0.07 million was from the Contract Manufacturing business.

Other current assets increased from S$0.35 million as at 31 March 2014 to S$0.73 million as at 31 March 2015, mainly due to an increase in advance to suppliers from the Media Solutions business of S$0.38 million.

Non-current assets decreased from S$6.87 million as at 31 March 2014 to S$4.92 million as at 31 March 2015, mainly due to a decrease in AFS on the reclassification from non-current to current and a decrease in intangible assets of S$0.22 million. This decrease was partially offset by an increase in property, plant and equipment of S$0.94 million.

Property, plant and equipment increased from S$3.05 million as at 31 March 2014 to S$3.99 million as at 31 March 2015, mainly due to construction of additional clean room by the subsidiary, CAT, which was partially offset by the depreciation charges incurred during the year.

Intangible assets decreased from S$1.15 million as at 31 March 2014 to S$0.92 million as at 31 March 2015, mainly due to the amortisation charges incurred during the year.

Current liabilities decreased from S$2.71 million as at 31 March 2014 to S$1.12 million as at 31 March 2015. This was mainly due to a decrease in other payables of S$0.04 million and other liabilities in relation to a deposit from undertaking shareholders of S$1.77 million pursuant to the Deed of Undertaking relating to the Rights Issue which was completed in April 2014, and slightly offset by an increase in trade payables and accruals of approximately S$0.23 million.

Non-current liability remained unchanged at S$2.75 million as at 31 March 2014 and 31 March 2015.

Total equity decreased from S$5.98 million as at 31 March 2014 to S$5.67 million as at 31 March 2015, mainly due to losses in FY 2015, partially offset by an increase in share capital of S$4.76 million arising from the Rights Issue completed in April 2014.

Cash Flows

Net cash used in operating activities for FY 2015 was S$2.47 million, mainly due to losses incurred by the Group. Net cash used in investing activities for FY 2015 was S$1.31 million, largely due to the additions of property, plant and equipment and intangible assets for CAT. Net cash from financing activities for FY 2015 was S$2.79 million due to gross proceeds received from the Rights Issue of S$3.30 million that was partially reduced by share issue expenses of S$0.31 million incurred for the Rights Issue and the loan to Artimedia BVI, for working capital of S$0.20 million.

PROFILE OF DIRECTORS & KEY MANAGEMENT

PERSONNEL



MR SOH SAI KIANG PHILIP

Mr Soh Sai Kiang Philip, a co-founder of our Group and our Non-Executive Chairman, was appointed as our 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 Ltd, 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, a co-founder of our Group and our Executive Director and Chief Technology Officer, was appointed as our 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 our Executive Director on 23 June 2011. He was redesignated as the Company's 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 Q&M Dental Group (Singapore) Limited, Oxley Holdings Limited, IEV Holdings Limited and HG Metal Manufacturing Limited, all listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). 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 Member 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 Breadtalk Group Limited, Tee Land Limited and Boustead Projects Limited, all listed on the Mainboard of the Singapore Exchange Securities Trading 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 of Pacific Economic Cooperation. Dr Tan has consulted extensively with the various government ministries, statutory boards and government linked companies of the Singapore government including 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 has 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 ("**M&A**") 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. 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 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. Mr Wong currently sits on the board of directors of several public listed companies.

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 Singapore Exchange Securities Trading Limited 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 (Honors) 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 and Non-Executive Chairman of HG Metal Manufacturing Limited, all listed on the Mainboard of the Singapore Exchange Securities Trading Limited. He is also a Non-Executive Director of NewSat Limited, listed on the Australia Securities Exchange Limited. Mr Ching possesses more than 15 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.



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 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 our Consultant of the Company for 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 Country Leader (also known as the Managing/Regional Director) of Gore in 1992 and had been holding this position in Gore until his retirement in August 2010. Following his retirement from Gore, Mr Lee retained as Gore's consultant for tenure of one year. In 2012, he, together with two individuals, founded CAT to be a contract manufacturer of Gore.



MR SOH KIM HOCK BENEDICT

Mr Soh Kim Hock Benedict was appointed as our General Manager of the Company for 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 South-East Asia 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.

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 2015, 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.

The Board comprises eight Directors including two Executive Directors, four Independent Directors and two 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, compliance and evaluate the adequacy and the effectiveness of internal controls;
- 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 performance and the remuneration packages;
- overseeing succession planning for 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**"), Remuneration Committee ("**RC**") and 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 Articles of Association of the Company provide 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 2015 is set out below:–

	Audit Committee	Nominating Committee	Remuneration Committee	Board
No. of meetings held	**4**	**4**	**4**	**4**
Name	**No. of meetings attended**			
Soh Sai Kiang Philip	4	4	4	4
Dr Ofer Miller	4*	4*	4*	4
Goh Tzu Seoh Kenneth	4*	4*	4*	4
Ng Weng Sui Harry	4	4	4	4
Dr Tan Khee Giap	4	4	4	4
Wong Chee Meng Lawrence	4	4	4	4
Koh Boon Liang Alan	3*	3*	3*	3
Ching Chiat Kwong	1*	1*	1*	1

* By invitation

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.

CORPORATE GOVERNANCE REPORT

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 and other returns to shareholders and interested person transactions.

The management of the Company ("**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. No new Director was appointed by the Company during the financial year ended 31 March 2015.

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.

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.

The Board comprises eight Directors, six of which are Non-Executive Directors, of which four are Independent Directors. As at the date of this report, the Directors of the Company are:–

Non-Executive Directors
Soh Sai Kiang Philip (Chairman)
Ching Chiat Kwong

CORPORATE GOVERNANCE REPORT

Executive Directors
Dr Ofer Miller (Chief Technology Officer)
Goh Tzu Seoh Kenneth (re-designated from Chief Operating Officer to Chief Executive Officer with effect from 18 November 2014)

Independent Directors
Ng Weng Sui Harry
Dr Tan Khee Giap
Wong Chee Meng Lawrence
Koh Boon Liang Alan

The Board is satisfied that there is a strong and independent element on the Board as half of the Board members of the Company comprise Independent Directors. 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 to 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 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 half 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.

CORPORATE GOVERNANCE REPORT

Role of Independent 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 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 and Non-Executive Directors are encouraged to meet regularly with the presence of the Management.

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 since the Group's former Chief Executive Officer ("**CEO**") stepped down on 15 September 2009. With the redesignation of Chief Operating Officer, Goh Tzu Seoh Kenneth, as CEO on 18 November 2014, Mr Goh has been actively working together with Mr Soh on the direction and strategic development of the Group. All major decisions made by the Non-Executive Chairman are reviewed by the Board.

Despite the Company not having appointed any Independent Director of the Company to assume the role of Lead Independent Director, 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.

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, Chief Executive Officer 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 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.

CORPORATE GOVERNANCE REPORT

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 CEO;
- reviewing and assessing the effectiveness of the Board as a whole;
- reviewing the independence of the Directors on an annual basis;
- 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.

CORPORATE GOVERNANCE REPORT

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 and Koh Boon Liang Alan 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 2015, and believes that this will continue for the financial year ending 31 March 2016.

NAME/AGE/ DATE OF APPOINTMENT	NATURE OF BOARD MEMBERSHIP AND POSITION	COMMITTEE MEMBERSHIP		
		AC	NC	RC
Soh Sai Kiang Philip/(47)/ 07-06-2004	Chairman, Non-Executive Director	Member	Member	Member
Dr Ofer Miller/(45)/ 07-06-2004	Executive Director, Chief Technology Officer	–	–	–
Goh Tzu Seoh Kenneth/(46)/ 23-06-2011	Executive Director, Chief Executive Officer^	–	–	–
Ng Weng Sui Harry/(59)/ 25-06-2008	Independent Director	Chairman	Member	Member
Dr Tan Khee Giap/(57)/ 18-06-2008	Independent Director	Member	Member	Chairman
Wong Chee Meng Lawrence/(48)/ 25-02-2010	Independent Director	Member	Chairman	Member
Koh Boon Liang Alan/(52)/ 12-09-2011	Independent Director	–	–	–
Ching Chiat Kwong/(49)/ 06-09-2013	Non-Executive Director	–	–	–

^ Goh Tzu Seoh Kenneth was re-designated from Chief Operating Officer to Chief Executive Officer with effect from 18 November 2014.

Pursuant to the Articles of Association of the Company, 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**") 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 Goh Tzu Seoh Kenneth, Mr Wong Chee Meng Lawrence and Mr Koh Boon Liang Alan, who are retiring pursuant to the Article 91 of the Articles of Association of the Company, at the forthcoming AGM of the Company to be held on 29 July 2015.

Mr Goh Tzu Seoh Kenneth will, upon re-election as a Director, remain as an Executive Director. Mr Wong Chee Meng Lawrence will, upon re-election as a Director, remain as Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. Mr Koh Boon Liang Alan 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 Mr Goh Tzu Seoh Kenneth, Mr Wong Chee Meng Lawrence and Mr Koh Boon Liang Alan, for re-election at the forthcoming AGM of the Company to be held on 29 July 2015.

The information of retiring Directors required under Guideline 4.7 of the Code is set out on the Notice of AGM on pages 124 to 128 of the Annual Report for the financial year ended 31 March 2015 ("**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' Report on pages 39 to 48 of the AR and information in relation to background and principal commitments of Directors contained under the Directors' profile on pages 14 to 16 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 3 years)
Soh Sai Kiang Philip	7 June 2004	30 July 2013	**Listed Company** 1. Sin Heng Heavy Machinery Ltd.
Dr Ofer Miller	7 June 2004	30 July 2014	Nil
Goh Tzu Seoh Kenneth	23 June 2011	30 July 2013 (to be re-elected at the forthcoming AGM)	**Listed Company** 1. Lifebrandz Ltd (resigned w.e.f. 20 November 2012)
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	**Listed Companies** 1. Breadtalk Group Limited 2. Forterra Trust (delisted on February 2015) 3. Tee Land Limited 4. Boustead Projects Limited
Wong Chee Meng Lawrence	25 February 2010	30 July 2013 (to be re-elected at the forthcoming AGM)	**Listed Companies** 1. WE Holdings Limited (resigned w.e.f. 25 July 2013) 2. Ziwo Holdings Limited (resigned w.e.f. 31 December 2014) 3. Sino Grandness Food Industry Group Limited 4. China Bearing (Singapore) Ltd. 5. Harry's Holdings Ltd (resigned w.e.f. 22 February 2013) 6. Juken Technology Limited (resigned w.e.f. 4 December 2012)
Koh Boon Liang Alan	12 September 2011	31 July 2012 (to be re-elected at the forthcoming AGM)	Nil

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 3 years)
Ching Chiat Kwong	6 September 2013	30 July 2014	**Listed Companies** 1. Oxley Holdings Limited 2. China Media Corporation Group (resigned w.e.f. 5 February 2015) 3. HG Metal Manufacturing Limited 4. NewSat Limited 5. BRC Asia Ltd (resigned w.e.f. 31 March 2015)

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, its 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 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 factors taken into consideration for the re-nomination of the Directors for the current financial year ending 31 March 2016 include the contribution of such Directors to the effectiveness of the Board, the Directors' participation and the involvement in Board meetings and Board Committee meetings as well as the qualification and experience of such Directors. 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, in considering the re-appointment of any Director, 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.

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 2015.

CORPORATE GOVERNANCE REPORT

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 are invited to attend at a specific allocated time during the Board and Board Committee meetings when necessary. Periodic financial reports, budgets, forecasts, material variance reports, disclosure documents are provided to the Board, where appropriate, prior to the Board and Board Committee meetings.

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

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 Code and changes on the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the SGX-ST. The Company Secretary will attend all meetings of the Board and Board Committees and assists the Chairmen of the Board and Board Committees in ensuring that relevant rules and procedures are followed and reviewed such that Board and 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)

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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.

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 also will 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 Company during the financial year ended 31 March 2015.

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 Chief Executive Officer, 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) and share options.

CORPORATE GOVERNANCE REPORT

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 Non-Executive Independent Directors are paid with Directors' fees and granted with the share options pursuant to the Artivision Technologies Employee Share Option Plan by 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.

The Company has put in place the Artivision Technologies Employee Share Option Plan (the "**Plan**") approved by shareholders on 21 October 2007. Pursuant to the Plan, the number of shares in respect of which options 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 officers. 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. More information on the Plan is set out in the Directors' Report of the AR.

No options were granted by the Company at a discount for the financial year ended 31 March 2015.

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 2015 are as follows:–

Remuneration Bands	**No. of Directors**
Below S$250,000	6
Between S$250,000 and S$500,000	2

Remuneration Bands	**No. of key management personnel**
Below S$250,000	2
Between S$250,000 and S$500,000	1

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A breakdown of each individual Director's remuneration, showing the level and mix for the financial year ended 31 March 2015 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 granted[2] S$'000	Total S$'000
Executive Directors						
Dr Ofer Miller	–	331	–	–	30	361
Goh Tzu Seoh Kenneth	–	250	1	1	183	435
Non-Executive Directors						
Soh Sai Kiang Philip	–	–	–	–	30	30
Ching Chiat Kwong	–	–	–	–	2	2
Independent Directors						
Ng Weng Sui Harry	15	–	–	–	16	31
Dr Tan Khee Giap	15	–	–	–	16	31
Wong Chee Meng Lawrence	15	–	–	–	16	31
Koh Boon Liang Alan	15	–	–	–	9	24

Notes:

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

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

A breakdown 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 2015 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 granted[2] S$'000	Total S$'000
Key management personnel[3]						
Choo Leng Leng Susan (Financial Controller)	–	119	1	1	61	182
Lee See Jui[4] (Consultant for Colibri Assembly (Thailand) Co., Ltd.)	–	150	–	–*	4	154
Soh Kim Hock Benedict[4] (General Manager for Colibri Assembly (Thailand) Co., Ltd.)	–	166	30	59	4	259

* less than S$1,000

Notes:

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

(2) Refers to the expense on share options granted to the key management personnel recognised in the financial statements.

(3) The Group has only three key management personnel who are not Directors or CEO during the financial year ended 31 March 2015.

(4) Designated as a key management personnel on 4 June 2014. The remuneration represents the remuneration for the full financial year ended 31 March 2015.

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Soh Kim Hock Benedict is the brother-in-law of the Non-Executive Chairman, Soh Sai Kiang Philip. The remuneration of Mr Soh is as disclosed above. No other employee of the Company or its subsidiaries is an immediate family member of any Director of the Company and whose remuneration exceeded S$50,000 during the financial year ended 31 March 2015.

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.

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 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 its shareholders are to provide the shareholders 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

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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.

Relying on the reports from the Management, external auditors, and the representation letters from the Management, the AC has carried out assessments on the adequacy and effectiveness of key internal controls during the financial year ended 31 March 2015. Any material non-compliance or weaknesses in internal controls or recommendations from the external auditors to further improve the internal controls are reported to the AC. The AC will also follow up on the actions taken by the Management and on the recommendations made by the external 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 2015.

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 (Chapter 50 of Singapore), 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 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 2015 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.

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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)

None of the members nor the Chairman of the AC is a partner or director of the Group's auditing firms or a 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

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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.

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 2015.

The Company has paid/payable the following aggregate amount of fees to the external auditors of the Group, for the financial year ended 31 March 2015:–

Services	**Amount (S$)**
Audit service	
– PricewaterhouseCoopers LLP, the external auditors of the Company	62,000
– Other auditors	43,830
Non-audit service	13,400
Total	119,230

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 is of the opinion that Rule 716 of the Catalist Rules has been complied with.

The AC has also undertaken a review of the independence and objectivity of the external auditors of the Company. The AC is satisfied that 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.

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.

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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 the principle subsidiaries that require the attention of the AC and the Management. The Company is currently sourcing for an internal audit firm as it intends to eventually outsource the performance of the internal audit function. The appointment of the auditing firm to perform such services will be approved by the AC.

The scope of the internal audit will be approved by the AC. The AC will review and approve the internal audit plans to ensure that the internal auditors will adequately perform their functions, and that the internal auditors are adequately resourced and have appropriate standing and that it meets 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 internal auditors will report directly to the Chairman of the AC on functional matters and to the Management on administrative matters. 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 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. The results for each resolution put forth are presented during the general meetings.

Registered shareholders including corporate shareholders who are unable to attend the general meetings are provided the option to appoint a nominee or custodial services to appoint up to two proxies, who may vote at the general meetings on a show of hands or poll demanded in accordance with the articles of association of the Company. This allows shareholders who hold shares through corporations to attend and participate in the AGM as proxies.

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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 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 2015.

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.

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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 up to two 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 Articles of Association 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 meeting are voted either by a show of hands or by a poll and the results of each resolution is presented at the general meetings and announced subsequently to SGX-ST via SGXNET. If a poll is conducted at the general meeting, the percentages of votes voted in favour and against each resolution will be announced via SGXNET. Under the Catalist Rules, the Company is required to put forth all resolutions to be voted by poll for general meetings held on or after 1 August 2015.

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

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 2015, or if not then subsisting, entered into since the end of the previous financial year ended 31 March 2014.

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

CORPORATE GOVERNANCE REPORT

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 2015.

USE OF PROCEEDS FROM RIGHTS ISSUE AND CONVERTIBLE LOAN

(a) Use of Proceeds from Renounceable and Partially Underwritten Rights Issue

The Company has, pursuant to the Renounceable and Partially Underwritten Rights Issue ("Rights Issue") announced on 3 March 2014, issued and allotted 253,822,476 new ordinary shares in the capital of the Company at S$0.02 each and raised net proceeds of S$4.76 million after the deduction of expenses of S$0.32 million. The Rights Issue was completed in April 2014. The net proceeds from the Rights Issue are intended to be utilised towards the Group's general corporate and working capital purposes.

As at 25 June 2015, the net proceeds of S$4.76 million from the Rights Issue have been fully utilised as follows:

Intended Use of Rights Issue Proceeds	S$'million
Gross Proceeds	5.07
Less: Rights Issue Expenses	0.31
Net Proceeds	4.76

Application of Rights Issue Proceeds	S$'million
As working capital for	
– Distribution expenses	0.78
– Administrative expenses	2.16
– Other operating expenses (including research and development expenses)	1.21
As working capital to a joint venture of Artimedia Pte. Ltd., Artimedia Limited	0.20
Advance payment for purchase of media video viewership from a Publisher in Israel	0.41
Total Used	4.76

(b) Use of Proceeds from 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 has agreed to grant to the Company loans of up to US$4 million in principal amount (the "**Loans**"), convertible into such number of new ordinary shares in the share capital of the Company (the "**Conversion Shares**"). US$2.7 million of the 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.

Pursuant to the Loan Agreement, the Company has granted the Lender the right to subscribe for such numbers of shares in the share capital of the Company (the "**Option Shares**") at an issue price of US$0.942 for each option share, subject to a maximum subscription amount of US$4 million for the Lender (the "**Call Option**").

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As at 25 June 2015, the net proceeds of US$4.0 million from the issue of the new shares pursuant to the Loan Agreement have been partially utilised as follows:–

Intended Use of Convertible Loan Proceeds	US$'million
Gross Proceeds	4.00
Less: Convertible Loan Expenses	–
Net Proceeds	4.00

Application of Convertible Loan and Call Option Proceeds	US$'million
Advance payment for purchase of media video viewership from Publishers in Israel	2.75
Purchase of office equipments and office furnitures	0.01
As working capital for	
– Distribution expenses	0.04
– Administrative expenses	0.42
Total Used	3.22

The Company will make periodic announcements as and when the balance of the net proceeds from the Convertible Loan is materially disbursed.

CATALIST SPONSOR

With reference to Rule 1204(21) of the Catalist Rules, the breakdown of fees payable or paid to the Company's Sponsor, Canaccord Genuity Singapore Pte. Ltd., for the financial year ended 31 March 2015 are as follows:–

	Amount (S$)
Sponsor Fees	70,000
Non-Sponsor Fees	225,146
Total	295,146

The non-sponsor fees of S$225,146 were in relation to the Rights Issue where the Company's Sponsor also acted as the Manager and Underwriter of the Rights Issue.

DIRECTORS' REPORT

For the financial year ended 31 March 2015

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 March 2015 and the statement of financial position of the Company as at 31 March 2015.

Directors

The directors of the Company in office at the date of this report 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

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 options" on pages 42 to 47 of this report.

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 31.03.2015	At 01.04.2014	**At 31.03.2015**	At 01.04.2014
Company				
(No. of ordinary shares)				
Soh Sai Kiang Philip	**32,618,000**	–	**99,849,680**	175,866,000
Dr Ofer Miller	**64,015,224**	–	**–**	175,866,000
Goh Tzu Seoh Kenneth	**5,290,000**	2,350,000	**–**	–
Ng Weng Sui Harry	**490,000**	350,000	**–**	–
Dr Tan Khee Giap	**238,000**	170,000	**–**	–
Ching Chiat Kwong	**75,812,000**	43,274,000	**–**	–

DIRECTORS' REPORT

For the financial year ended 31 March 2015

Directors' interests in shares or debentures (continued)

(a) (continued)

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.03.2015	At 01.04.2014	**At 31.03.2015**	At 01.04.2014
Company (No. of unissued ordinary shares under rights issue)				
Soh Sai Kiang Philip	–	–	–	70,346,400
Dr Ofer Miller	–	–	–	70,346,400
Goh Tzu Seoh Kenneth	–	940,000	–	–
Ng Weng Sui Harry	–	140,000	–	–
Dr Tan Khee Giap	–	68,000	–	–
Ching Chiat Kwong	–	17,309,600	–	–

(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**") as set out below and under "Share options" on pages 42 to 47 of this report.

	No. of unissued ordinary shares under option	
	At 31.03.2015	At 01.04.2014
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**	–
Dr Ofer Miller		
– options to subscribe for ordinary shares exercisable at:		
– $0.048 between 22.04.2015 to 22.04.2019	**4,000,000**	–
Goh Tzu Seoh Kenneth		
– options to subscribe for ordinary shares exercisable at:		
– $0.08 between 20.07.2011 to 20.07.2015	**100,000**	100,000
– $0.05 between 22.03.2012 to 22.03.2016	**750,000**	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**	–

DIRECTORS' REPORT

For the financial year ended 31 March 2015

Directors' interests in shares or debentures (continued)

(b) (continued)

	No. of unissued ordinary shares under option	
	At 31.03.2015	At 01.04.2014
Ng Weng Sui Harry		
– options to subscribe for ordinary shares exercisable at:		
– $0.08 between 20.07.2011 to 20.07.2015	**100,000**	100,000
– $0.05 between 22.03.2012 to 22.03.2016	**150,000**	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**	–
Dr Tan Khee Giap		
– options to subscribe for ordinary shares exercisable at:		
– $0.08 between 20.07.2011 to 20.07.2015	**150,000**	150,000
– $0.05 between 22.03.2012 to 22.03.2016	**300,000**	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**	–
Wong Chee Meng Lawrence		
– options to subscribe for ordinary shares exercisable at:		
– $0.08 between 20.07.2011 to 20.07.2015	**200,000**	200,000
– $0.05 between 22.03.2012 to 22.03.2016	**300,000**	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**	–
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**	–
Ching Chiat Kwong		
– option to subscribe for ordinary shares exercisable at:		
– $0.048 between 22.04.2015 to 22.04.2019	**200,000**	–

DIRECTORS' REPORT

For the financial year ended 31 March 2015

Directors' interests in shares or debentures (continued)

(c) The directors' interests in the ordinary shares and convertible securities of the Company as at 21 April 2015 were the same as those as at 31 March 2015.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except that Dr Ofer Miller and Mr Goh Tzu Seoh Kenneth have employment relationships with the Company, and have received remuneration in that capacity.

Share options

(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 directors 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.

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.

DIRECTORS' REPORT

For the financial year ended 31 March 2015

Share options (continued)

(a) Employee Share Option Plan (continued)

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' REPORT

For the financial year ended 31 March 2015

Share options (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 31.03.2015 $	Exercise period
2015								
Date of grant								
02.07.2009	0.12	4,379,250	–	(4,379,250)	–	–	–	02.07.2010 to 02.07.2014
20.07.2010	0.08	849,250	–	(80,000)	(49,250)	720,000	7	20.07.2011 to 20.07.2015
22.03.2011	0.05	2,250,000	–	–	–	2,250,000	5	22.03.2012 to 22.03.2016
23.06.2011	0.21	9,080,000	–	(90,000)	–	8,990,000	7	23.06.2012 to 23.06.2016
23.12.2011	0.14	4,613,000	–	(50,000)	–	4,563,000	7	23.12.2012 to 23.12.2016
22.08.2012	0.22	7,580,000	–	(960,000)	–	6,620,000	9	22.08.2013 to 22.08.2017
22.04.2014	0.048	–	19,450,000	(1,360,000)	–	18,090,000	20	22.04.2015 to 22.04.2019
		28,751,500	19,450,000	(6,919,250)	(49,250)	41,233,000		

DIRECTORS' REPORT

For the financial year ended 31 March 2015

Share options (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 31.03.2015	Aggregate granted since commencement of Scheme to 31.03.2015	Aggregate exercised since commencement of Scheme to 31.03.2015	Aggregate expired since commencement of the Scheme to 31.03.2015	Aggregate outstanding as at 31.03.2015
Soh Sai Kiang Philip	4,000,000	8,016,268	–	(4,016,268)	4,000,000
Dr Ofer Miller	4,000,000	7,926,268	(3,866,000)	(60,268)	4,000,000
Goh Tzu Seoh Kenneth	4,000,000	17,200,000	(2,350,000)	–	14,850,000
Ng Weng Sui Harry	200,000	2,110,000	(250,000)	(160,000)	1,700,000
Dr Tan Khee Giap	200,000	2,110,000	(170,000)	(40,000)	1,900,000
Wong Chee Meng Lawrence	200,000	1,950,000	–	–	1,950,000
Koh Boon Liang Alan	200,000	700,000	–	–	700,000
Ching Chiat Kwong	200,000	200,000	–	–	200,000
Total	13,000,000	40,212,536	(6,636,000)	(4,276,536)	29,300,000

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' REPORT

For the financial year ended 31 March 2015

Share options (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 31.03.2015	Aggregate granted since commencement of the Scheme to 31.03.2015	Aggregate exercised since commencement of the Scheme to 31.03.2015	Aggregate forfeited/ expired since commencement of the Scheme to 31.03.2015	Aggregate outstanding as at 31.03.2015
Leong Kwek Choon *(former Executive Director)*	–	3,926,268	(1,962,500)	(1,963,768)	–
Dr Mark Hon *(former Chief Finance Officer)*	–	3,926,268	(3,684,000)	(242,268)	–
Amir Segev *(former General Manager, Director and founder of Artimedia Pte. Ltd.)*	–	6,650,000	(3,737,000)	(2,913,000)	–
Sagi Gordon *(former Marketing Vice President of Artimedia Technologies Ltd. -Media Solutions division)*	–	2,815,000	(2,065,000)	(750,000)	–
Nadav Kehati *(former research and development Vice President of Artimedia Technologies Ltd.)*	–	3,565,000	(1,422,000)	(2,143,000)	–
Choo Leng Leng Susan *(Financial controller)*	1,900,000	7,600,000	(350,000)	(500,000)	6,750,000
Total	1,900,000	28,482,536	(13,220,500)	(8,512,036)	6,750,000

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.

DIRECTORS' REPORT

For the financial year ended 31 March 2015

Share options (continued)

(b) 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 31.03.2015	Exercise price	Exercise period
20.07.2010	720,000	$0.08	20.07.2011 – 20.07.2015
22.03.2011	2,250,000	$0.05	22.03.2012 – 22.03.2016
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	18,090,000	$0.048	22.04.2015 – 22.04.2019
	41,233,000		

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);

DIRECTORS' REPORT

For the financial year ended 31 March 2015

Audit Committee (continued)

- the scope and the results of internal audit procedures with the internal auditor;
- 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 2015 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

5 June 2015

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2015

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 52 to 121 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; 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.

On behalf of the directors



Soh Sai Kiang Philip
Director



Goh Tzu Seoh Kenneth
Director

5 June 2015

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 52 to 121, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2015, the consolidated statement of comprehensive income, statement of changes in equity and the 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 profit and loss accounts and statements of financial position 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 2015, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

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, 5 June 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2015

	Note	2015 $	2014 $
Revenue	4	**8,047,576**	2,010,960
Cost of sales		**(5,027,875)**	(1,225,821)
Gross profit		**3,019,701**	785,139
Other losses/expenses – net	6	**(1,721,178)**	(817,885)
Distribution expenses		**(1,007,621)**	(658,842)
Administrative expenses		**(4,021,820)**	(2,962,569)
Other operating expenses (including research and development expenses)		**(1,720,544)**	(1,748,918)
Share of loss of a joint venture	10 & 15	**(149,492)**	(380,606)
Loss before income tax		**(5,600,954)**	(5,783,681)
Income tax expense	7(a)	**–**	(22,482)
Net loss for the year		**(5,600,954)**	(5,806,163)
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation – Gains		**88,952**	29,762
Total comprehensive loss		**(5,512,002)**	(5,776,401)
Loss per share (expressed in cents per share)			
– Basic	8(a)	**(0.64)**	(1.00)
– Diluted	8(b)	**(0.64)**	(1.00)

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

STATEMENTS OF FINANCIAL POSITION – GROUP AND COMPANY

As at 31 March 2015

	Note	Group		Company	
		2015	2014	**2015**	2014
		$	$	**$**	$
ASSETS					
Current assets					
Cash and cash equivalents	9	**1,945,379**	2,931,278	**1,268,391**	2,378,007
Available-for-sale financial asset	13	**612,583**	–	**612,583**	–
Trade and other receivables	10	**874,109**	987,755	**4,224,946**	9,185,953
Other current assets	11	**733,786**	351,977	**105,334**	103,173
Inventories	12	**447,344**	293,539	**11,112**	11,112
		4,613,201	4,564,549	**6,222,366**	11,678,245
Non-current assets					
Other receivables	10	**–**	–	**–**	–
Available-for-sale financial assets	13	**1**	2,669,576	**1**	2,669,576
Investments in subsidiaries	14	**–**	–	**1,316,332**	1,316,332
Investment in a joint venture	15	**–**	–	**–**	–
Property, plant and equipment	16	**3,994,695**	3,054,158	**28,032**	55,274
Intangible assets	17	**927,146**	1,149,469	**–**	–
		4,921,842	6,873,203	**1,344,365**	4,041,182
Total assets		**9,535,043**	11,437,752	**7,566,731**	15,719,427
LIABILITIES					
Current liability					
Trade payables and other liabilities	18	**1,119,632**	2,706,720	**367,212**	2,333,781
Non-current liability					
Loans from shareholder	19	**2,750,000**	2,750,000	**2,750,000**	2,750,000
Total liabilities		**3,869,632**	5,456,720	**3,117,212**	5,083,781
NET ASSETS		**5,665,411**	5,981,032	**4,449,519**	10,635,646
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	20	**50,730,411**	45,964,039	**50,730,411**	45,964,039
Other reserves	21	**2,618,106**	2,099,145	**2,541,756**	2,111,747
Accumulated losses		**(47,683,106)**	(42,082,152)	**(48,822,648)**	(37,440,140)
Total equity		**5,665,411**	5,981,032	**4,449,519**	10,635,646

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2015

Group	Note	Share capital $	Currency translation reserve $	Share option reserve $	Capital reserve $	Accumulated losses $	Total equity $
2015							
Beginning of financial year		45,964,039	(12,602)	2,111,736	11	(42,082,152)	5,981,032
Total comprehensive loss for the year		–	88,952	–	–	(5,600,954)	(5,512,002)
Renounceable and partially underwritten Rights Issue	20	5,076,449	–		–	–	5,076,449
Share issue expenses	20	(315,974)	–	–	–	–	(315,974)
Proceeds from new share options granted	20 & 21(i)	–	–	23	–	–	23
Value of employee services received for issue of share options	21(i)	–	–	431,943	–	–	431,943
Share options exercised	20 & 21(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**
2014							
Beginning of financial year		37,717,871	(42,364)	1,567,611	11	(36,275,989)	2,967,140
Total comprehensive loss for the year		–	29,762	–	–	(5,806,163)	(5,776,401)
Issuance of consideration shares for acquisition of a subsidiary	20	1,315,384	–	–	–	–	1,315,384
Share placement	20	4,363,254	–	–	–	–	4,363,254
Issuance of consideration shares and commission shares for the acquisition of available-for-sale financial asset	20	2,669,575	–	–	–	–	2,669,575
Share issue expenses	20	(155,718)	–	–	–	–	(155,718)
Value of employee services received for issue of share options	21(i)	–	–	558,377	–	–	558,377
Share options exercised	20 & 21(i)	53,673	–	(14,252)	–	–	39,421
End of financial year		45,964,039	(12,602)	2,111,736	11	(42,082,152)	5,981,032

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Net loss		**(5,600,954)**	(5,806,163)
Adjustments for			
– Income tax expense		**–**	22,482
– Amortisation of intangible assets		**260,946**	89,476
– Depreciation of property, plant and equipment		**555,879**	213,138
– Unrealised currency translation losses/(gains)		**68,441**	(531)
– Interest income		**(15,348)**	(6,728)
– Property, plant and equipment written-off		**86**	567
– Gain on disposal of property, plant and equipment		**–**	(1,802)
– Allowance for inventories obsolescence		**–**	9,293
– Loss on share exchange (available-for-sale financial asset)*		**2,056,992**	–
– Impairment loss on non-trade debts to a joint venture		**6,139**	836,847
– Share of loss of a joint venture		**149,492**	380,606
– Employee share option expenses		**431,943**	558,377
		(2,086,384)	(3,704,438)
Change in working capital, net of effects from acquisition of a subsidiary:			
– Inventories		**(122,295)**	(134,406)
– Trade and other receivables		**158,925**	(263,487)
– Other current assets		**(375,013)**	47,804
– Trade payables and other liabilities		**(62,411)**	(3,143,220)
Cash used in operations		**(2,487,178)**	(7,197,747)
Interest received		**15,348**	9,516
Income tax (paid)/refund		**(2,405)**	6,841
Net cash used in operating activities		**(2,474,235)**	(7,181,390)
Cash flows from investing activities			
Additions to intangible assets		**(39,388)**	–
Additions to property, plant and equipment		**(1,269,617)**	(492,827)
Sales proceeds on disposal of property, plant and equipment		**–**	34,170
Net cash and cash equivalents acquired on acquisition of a subsidiary	9	**–**	105,918
Net cash used in investing activities		**(1,309,005)**	(352,739)
Cash flows from financing activities			
Proceeds from new share options granted		**23**	–
Proceeds from exercise of share options		**3,940**	39,421
Proceeds from the renounceable and partially underwritten Rights Shares		**3,302,929**	1,773,520
Proceeds from issuance of new ordinary shares pursuant to share placement		**–**	4,363,254
Share issue expense		**(315,974)**	(155,718)
Loans to a joint venture		**(200,000)**	(1,195,332)
Net cash from financing activities		**2,790,918**	4,825,145
Net decrease in cash and cash equivalents		**(992,322)**	(2,708,984)
Cash and cash equivalents			
Beginning of financial year		**2,931,278**	5,624,365
Effects of currency translation on cash and cash equivalents		**6,423**	15,897
End of financial year	9	**1,945,379**	2,931,278

* The share exchange of available-for-sale financial asset (Note 13) 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 2015

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 14.

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 2015

On 1 April 2014, 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 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 – Video management equipment and contract manufacturing disk drive technology products

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

Video management equipment and 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 equipment and 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 when the impressions are viewed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

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 2015

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 2015

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.

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 and any retained interest in the former joint venture is a financial asset. Such retained interest in the entity is remeasured at its 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 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment

(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.

(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 "Other operating expenses".

2.5 Intangible assets

(a) Measurement

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised as expenses in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised as intangible asset only when development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group has the intention and ability to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised as expenses in profit or loss when incurred.

Capitalised development expenditure is 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 three years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

(a) Measurement (continued)

(ii) 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 three to ten years.

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 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets (continued)

(e) Impairment (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Borrowings (continued)

(b) Convertible bonds

The total proceeds from convertible bonds issued are allocated to the liability component and the equity component, which are separately presented on the statements of financial position.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount is transferred to the 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Leases

The Group leases land, factory, office premise 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.

2.14 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.

2.15 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.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and a joint venture, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Income taxes (continued)

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.

2.16 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.

2.17 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 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 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 is recognised as an expense with a corresponding increase in the share option 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 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 that are expected to become exercisable 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 option 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 option reserve are credited to share capital account, when new ordinary shares are issued.

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Currency translation (continued)

(b) Transactions and balances (continued)

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

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.

2.19 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 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.

2.21 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 has made allowance for impairment amounting to $862,427 (2014: $856,288) and $10,007,240 (2014: 2,319,939) (Note 23(b)) respectively. Management has assessed and concluded that there are no further impairment losses as at reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(b) Fair value assessment on unlisted security

The Group holds convertible preferred shares that are not traded in an active market with a carrying amount of $612,583 (Note 13). The Group has used discounted cash flow analysis for valuing these financial assets and made estimates about expected future cash flows and interest rates.

If the interest rates used in the discounted cash flow analysis had been higher/lower by 0.1% from management's estimates, the Group's carrying amount of financial assets, available-for-sale financial assets would have been lower/higher by $287 and $700 respectively.

(c) Useful lives of property, plant and equipment

The Group reviews the appropriateness of the useful lives of property, plant and equipment at each reporting date. Changes in the expected level of usage and technological advancements could impact the economic useful lives and residual values of these assets.

Where there is a material change in the useful lives of property, plant and equipment, such a change may impact the future depreciation charges in the financial period in which the change arises.

4. REVENUE

	Group	
	2015	2014
	$	$
Sales of video management equipment and solutions	**15,813**	46,257
Rendering of media solutions	**105,207**	7,069
Sales of contract manufacturing disk drive technology products	**7,926,556**	1,957,634
Total revenue	**8,047,576**	2,010,960

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

5. EXPENSES BY NATURE

	Group	
	2015	2014
	$	$
Allowance for inventories obsolescence	**–**	9,293
Amortisation of intangible assets (Note 17)	**260,946**	89,476
Depreciation of property, plant and equipment (Note 16)	**555,879**	213,138
Utilities expenses	**713,822**	195,122
Operating lease expenses	**509,927**	348,401
Property, plant and equipment written off	**86**	567
Provision for warranties (Note 18)	**–**	9,543
Write-back of provision for warranties (Note 18)	**(3,159)**	(31,283)
Wages and salaries	**6,454,185**	3,431,718
Employee share option expenses (Note 20(e) and 21(i))	**431,943**	558,377
Employer's contribution to defined contribution plans including Central Provident Fund	**449,628**	378,338
Directors' fees (Note 24)	**60,000**	68,750

6. OTHER LOSSES/EXPENSES – NET

	Group	
	2015	2014
	$	$
Interest income from bank deposits	**15,348**	6,728
Currency translation gains	**285,669**	5,681
Impairment loss on loans to a joint venture	**(6,139)**	(836,847)
Loss on share exchange (available-for-sale financial asset) (Note 13)	**(2,056,992)**	–
Others	**40,936**	6,553
	(1,721,178)	(817,885)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

7. INCOME TAXES

(a) Income tax expense

	Group	
	2015	2014
	$	$
Tax expense attributable to loss is made up of:		
– Loss for the financial year:		
Current income tax		
– Foreign	**–**	22,482

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	
	2015	2014
	$	$
Tax expense attributable to loss is made up of:		
Loss before tax	**(5,600,954)**	(5,783,681)
Share of loss of joint venture, net of tax	**149,492**	380,606
Loss before tax and share of loss of joint venture	**(5,451,462)**	(5,403,075)
Tax calculated at tax rate of 17% (2014: 17%)	**(926,749)**	(918,523)
Effects of:		
– Different tax rates in other countries	**(228,252)**	(1,532)
– Tax exemption in other countries	**(302,158)**	(55,101)
– Expenses not deductible for tax purposes	**493,153**	254,833
– Income not subject to tax	**(20,579)**	–
– Unrecognised deferred tax assets	**984,585**	740,256
– Others	**–**	2,549
	–	22,482

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

7. 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% (2014: 12.5%).

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:

	2015	2014
	$	$
Deductible temporary differences	**2,502,606**	2,381,960
Tax losses	**40,477,330**	36,041,912
	42,979,936	38,423,872

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

8. 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.

	2015	2014
Net loss attributable to equity holders of the Company ($)	**5,600,954**	5,806,163
Weighted average number of ordinary shares outstanding for basic loss per share	**873,803,249**	578,953,208
Basic loss per share (cents)	**0.64**	1.00

(b) Diluted loss per share

For the purpose of calculating diluted loss per share, 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.

The Company has one category of dilutive potential ordinary shares, which is the share options as at 31 March 2015 and 2014.

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:

	2015	2014
Net loss used to determine diluted loss per share ($)	**5,600,954**	5,806,163
Weighted average number of ordinary shares outstanding for basic loss per share	**873,803,249**	578,953,208
Adjustment for		
– Share options	**3,258,207**	1,387,183
	877,061,456*	580,340,391*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

8. LOSS PER SHARE (continued)

(b) Diluted loss per share (continued)

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 31 March 2015	As at 31 March 2014
2 July 2009	**Nil**	4,379,250
20 July 2010	**720,000**	Nil
23 June 2011	**8,990,000**	9,080,000
23 December 2011	**4,563,000**	4,613,000
22 August 2012	**6,620,000**	7,580,000
28 September 2014	**35,700,000**	18,094,521

* 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 873,803,249 (2014: 578,953,208) shares as the Group had incurred losses.

Diluted loss per share (cents)	**0.64**	1.00

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.

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Cash at bank	**1,736,044**	2,713,674	**1,268,391**	2,378,007
Short-term fixed deposits	**209,335**	217,604	**–**	–
	1,945,379	2,931,278	**1,268,391**	2,378,007

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

9. CASH AND CASH EQUIVALENTS (continued)

Acquisition of subsidiary:

On 12 December 2013, the Company acquired 100% equity interest in CAT for a purchase consideration of $1,315,385, through the issuance of 14,615,385 new ordinary shares. The effects of the acquisition on the cash flows of the Group were:

	2014 $
Carrying amounts of assets acquired and liabilities assumed:	
Cash and cash equivalents	105,918
Property, plant and equipment (Note 16)	3,043,510
Inventories	150,757
Trade and other receivables	749,854
Customer relationship (Note 17(b))	1,225,187
Total assets	5,275,226
Trade and other payables	(3,959,841)
Total liabilities	(3,959,841)
Net assets recognised	1,315,385

The aggregate cashflows arising from the acquisition of CAT were:

Net assets acquired (as above)	1,315,385
Less: Purchase consideration – equity interest issued at fair value (14,615,385 ordinary shares of the Company)	(1,315,385)
Add: Cash and cash equivalent acquired (as above)	105,918
Net cash inflow on acquisition	105,918

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Current:				
Trade receivables				
– Subsidiaries	**–**	–	**1,416,517**	770,091
– Non-related parties	**817,376**	867,034	**19,441**	20,771
	817,376	867,034	**1,435,958**	790,862
Less: Allowance for impairment of receivables				
– Subsidiaries (Note (a))	**–**	–	**(647,286)**	(188,932)
– Non-related parties	**(19,441)**	(19,441)	**(19,441)**	(19,441)
Trade receivables – net	**797,935**	847,593	**769,231**	582,489
Other receivables				
– Subsidiaries (non-trade) (Note(b))	**–**	–	**1,961,065**	5,157,317
– Non-related parties	**76,174**	140,162	**–**	55,503
Loans to subsidiaries (Note (b))	**–**	–	**3,386,558**	4,290,104
	76,174	140,162	**5,347,623**	9,502,924
Less: Allowance for impairment of receivables				
– Subsidiaries (non-trade) (Note(a))	**–**	–	**(1,192,308)**	(199,860)
– Loan to a subsidiary (Note (a))	**–**	–	**(699,600)**	(699,600)
Other receivables – net	**76,174**	140,162	**3,455,715**	8,603,464
	874,109	987,755	**4,224,946**	9,185,953

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

10. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2015 $	2014 $	**2015 $**	2014 $
Non-current:				
Loans to a joint venture (Note (c))	**1,418,073**	1,218,073	**–**	–
Less: Share of loss of a joint venture (Note 15)	**(530,093)**	(380,601)	**–**	–
Less: Share of currency translation reserve	**(44,994)**	(625)	**–**	–
	842,986	836,847	**–**	–
Less: Allowance for impairment of receivables – loans to a joint venture	**(842,986)**	(836,847)	**–**	–
Loans to a joint venture – net	**–**	–	**–**	–
Other receivables – Subsidiary (Note (d))	**–**	–	**7,448,605**	1,212,106
Less: Allowance for impairment of receivables – subsidiary (Note (a))	**–**	–	**(7,448,605)**	(1,212,106)
Other receivables – net	**–**	–	**–**	–
	–	–	**–**	–

(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 (2014: $2,300,498).

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

(c) 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 (Note 15). The repayment of the amount is neither planned nor likely to occur in the next 12 months from the reporting date.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

11. OTHER CURRENT ASSETS

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Deposits	**243,748**	246,829	**50,424**	50,424
Prepayments	**104,239**	102,775	**54,910**	52,749
Advances to suppliers	**385,799**	2,373	**–**	–
	733,786	351,977	**105,334**	103,173

12. INVENTORIES

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Spare parts	**132,026**	100,787	**–**	–
Work-in-progress	**2,387**	1,556	**–**	–
Finished goods	**312,931**	191,196	**11,112**	11,112
	447,344	293,539	**11,112**	11,112

The cost of inventories recognised as an expense and included in "cost of sales" amounts to $235,849 (2014: $65,950).

As at 31 March 2014, the Group has recognised an allowance for inventories obsolescence of $9,293.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2015	2014
	$	$
Beginning of financial year	**2,669,576**	1
Additions	**–**	2,669,575
Loss on share exchange (Note (a))	**(2,056,992)**	–
End of financial year	**612,584**	2,669,576
Less: Current portion	**612,583**	–
Non-current portion	**1**	2,669,576

(a) 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 (Note 20(d)). 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.

The Group intends to dispose off the investment in equity securities of Nyxio within the next 12 months from reporting date.

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

	Group and Company	
	2015	2014
	$	$
Unlisted securities		
Held at cost (Note (b))		
– Equity security – Japan	**1**	1
– Equity security – United States	**–**	2,669,575
Held at fair value		
– Equity security – United States	**612,583**	–
Total	**612,584**	2,669,576

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

(b) These securities have been stated at cost as at the respective reporting dates. Fair values have not been disclosed because the fair values cannot be reliably measured as the equity securities are not quoted on any market.

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015	2014
	$	$
Equity investment, at cost		
Beginning of financial year	**1,316,332**	947
Addition	**–**	1,315,385
End of financial year	**1,316,332**	1,316,332

Details of subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group	
			2015	2014
			%	%
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 equipment and 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. Colibri Assembly (Thailand) Co., Ltd for the financial year ended 31 March 2015. Audited by Bangkok Accounting Co., Ltd. for the financial year ended 31 March 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

15. INVESTMENT IN A JOINT VENTURE

	Group	
	2015	2014
	$	$
Equity investment, at cost	**5**	5
Less: Share of loss of a joint venture	**(5)**	(5)
	–	–

Details of the joint venture are as follows:

Name of joint venture	**Principal activity**	**Country of incorporation/ business**	**Effective equity interest held by the Group**	
			2015	2014
			%	%
Artimedia Ltd[@]	Investment holding	British Virgin Islands	**40**	40

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

15. INVESTMENT IN A JOINT VENTURE (continued)

The following amounts represent summarised financial information of the joint venture:

Summarised statement of financial position

	Artimedia Ltd As at 31 March	
	2015	2014
	$	$
CURRENT ASSETS		
Cash and cash equivalent	**139,900**	265,009
Other current assets	**156,496**	–
	296,396	265,009
NON-CURRENT ASSET		
Property, plant and equipment	**430**	–
TOTAL ASSETS	**296,826**	265,009
CURRENT LIABILITY		
Trade payables and other liabilities	**(205,639)**	–
NON-CURRENT LIABILITY		
Loans from a shareholder	**(1,528,903)**	(1,218,073)
TOTAL LIABILITIES	**(1,734,542)**	(1,218,073)
NET LIABILITIES	**(1,437,716)**	(953,064)

Summarised statement of comprehensive income

	Artimedia Ltd For the year ended 31 March	
	2015	2014
	$	$
Sales	**–**	–
Expenses	**(373,730)**	(951,515)
Includes:		
– Salaries and related expenses	**–**	–
Loss before tax, representing total comprehensive loss	**(373,730)**	(951,515)

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 to reflect adjustments made by the Group when applying the equity method of accounting.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

15. 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	
	2015	2014
	$	$
Net (liabilities)/assets as at beginning of financial year	**(953,064)**	12
Loss for the year/period	**(373,730)**	(951,515)
Foreign exchange differences	**(110,922)**	(1,561)
Net liabilities as at end of financial year	**(1,437,716)**	(953,064)
Interest in joint venture (40%)	**(575,087)**	(381,226)
Share of loss charged to loans to a joint venture (Note 10)	**530,093**	380,601
Share of other comprehensive income charged to loans to a joint venture (Note 10)	**44,994**	625
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 (Note 10). The Group has recognised its share of losses of a joint venture amounting to $530,093 (2014: $380,601) and its share of currency translation differences arising from equity accounting for the investment in a joint venture of $44,994 (2014: $625) against its interest in the joint venture.

NOTES TO THE FINANCIAL STATEMENTS

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16. PROPERTY, PLANT AND EQUIPMENT

	Building $	Plant and equipment $	Furniture and fittings $	Office equipment $	Motor vehicles $	Construction-in-progress $	Total $
Group							
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**
2014							
Cost							
Beginning of financial year	–	311,019	208,149	428,948	–	–	948,116
Acquisition of a subsidiary	2,558,803	302,118	48,575	74,460	45,128	14,426	3,043,510
Additions	1,455	39,631	69,048	49,978	–	332,715	492,827
Disposal	–	–	–	–	–	(323,337)	(323,337)
Write-off	–	(37,261)	(82,181)	(127,440)	–	–	(246,882)
Currency translation differences	(23,505)	(2,775)	4,633	9,619	(415)	(133)	(12,576)
End of financial year	2,536,753	612,732	248,224	435,565	44,713	23,671	3,901,658
Accumulated depreciation							
Beginning of financial year	–	301,667	191,267	376,647	–	–	869,581
Depreciation charge	93,248	31,710	36,183	48,176	3,821	–	213,138
Write-off	–	(37,261)	(81,614)	(127,440)	–	–	(246,315)
Currency translation differences	(938)	(255)	4,326	8,001	(38)	–	11,096
End of financial year	92,310	295,861	150,162	305,384	3,783	–	847,500
Net book value							
End of financial year	2,444,443	316,871	98,062	130,181	40,930	23,671	3,054,158

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

16. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant and equipment $	Furniture and fittings $	Office equipment $	Total $
Company				
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**
2014				
Cost				
Beginning of financial year	311,019	120,716	221,895	653,630
Additions	–	67,371	1,597	68,968
Write-off	(37,261)	(82,181)	(14,569)	(134,011)
End of financial year	273,758	105,906	208,923	588,587
Accumulated depreciation				
Beginning of financial year	301,667	119,460	215,569	636,696
Depreciation charge	6,421	19,519	4,121	30,061
Write-off	(37,261)	(81,614)	(14,569)	(133,444)
End of financial year	270,827	57,365	205,121	533,313
Net book value				
End of financial year	2,931	48,541	3,802	55,274

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

17. INTANGIBLE ASSETS

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Composition:				
Computer software licences (Note (a))	**28,675**	5,961	**–**	–
Customer relationship (Note (b))	**898,471**	1,143,508	**–**	–
	927,146	1,149,469	**–**	–

(a) Computer software licences

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Cost				
Beginning of financial year	**1,779,572**	1,777,445	**1,737,522**	1,737,522
Additions	**39,388**	–	**–**	–
Currency translation differences	**(1,514)**	2,127	**–**	–
End of financial year	**1,817,446**	1,779,572	**1,737,522**	1,737,522
Accumulated amortisation				
Beginning of financial year	**1,773,611**	1,764,329	**1,737,522**	1,737,522
Amortisation charge (Note 5)	**15,909**	7,797	**–**	–
Currency translation differences	**(749)**	1,485	**–**	–
End of financial year	**1,788,771**	1,773,611	**1,737,522**	1,737,522
Net book value	**28,675**	5,961	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

17. INTANGIBLE ASSETS (continued)

(b) Customer relationship

	Group	
	2015	2014
	$	$
Cost		
Beginning of financial year	**1,225,187**	–
Acquisition of a subsidiary	**–**	1,225,187
End of financial year	**1,225,187**	1,225,187
Accumulated amortisation		
Beginning of financial year	**81,679**	–
Amortisation charge (Note 5)	**245,037**	81,679
End of financial year	**326,716**	81,679
Net book value	**898,471**	1,143,508

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 is included within "Other operating expenses" in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

18. TRADE PAYABLES AND OTHER LIABILITIES

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Trade payables to:				
– Non-related parties	**254,816**	200,352	**5,949**	–
– Subsidiaries	**–**	–	**–**	177,114
	254,816	200,352	**5,949**	177,114
Other payables – non-related parties	**38,568**	81,234	**1**	44,387
Accrued operating expenses	**687,438**	509,453	**228,792**	202,532
Advance payments from customer	**134,050**	134,538	**131,380**	132,091
Advance payments from share option holders and undertaking shareholders pursuant to the rights issue	**1,090**	1,774,610	**1,090**	1,774,610
Provision for warranties (Note (a))	**3,670**	6,533	**–**	3,047
	1,119,632	2,706,720	**367,212**	2,333,781

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

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Beginning of financial year	**6,533**	4,260	**3,047**	4,142
Acquisition from a subsidiary	**–**	24,027	**–**	–
Provision made	**–**	9,543	**–**	–
Provision write-back	**(3,159)**	(31,283)	**(3,047)**	(1,095)
Currency translation differences	**296**	(14)	**–**	–
End of financial year	**3,670**	6,533	**–**	3,047

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

19. LOANS FROM SHAREHOLDER

The loans from shareholder are non-trade in nature, unsecured and interest-free. The settlement of the amount is neither planned nor likely to occur in the next 12 months from the reporting date.

20. SHARE CAPITAL

	No. of ordinary shares issued share capital	Amount of share capital $
Group and Company		
2015		
Beginning of financial year	634,556,192	45,964,039
Renounceable and partially underwritten Rights Issue (Note (a))	253,822,476	5,076,449
Share issue expenses	–	(315,974)
Share option exercised (Note (e))	49,250	5,897
End of financial year	**888,427,918**	**50,730,411**
2014		
Beginning of financial year	551,603,256	37,717,871
Share issue expenses	–	(155,718)
Issuance of consideration shares for acquisition of a subsidiary (Note (b))	14,615,385	1,315,384
Share placement (Note (c))	35,700,000	4,363,254
Issuance of consideration shares and commission shares for the acquisition of available-for-sale financial assets (Note (d))	32,163,551	2,669,575
Share option exercised (Note (e))	474,000	53,673
End of financial year	634,556,192	45,964,039

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

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

(a) 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 ("**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 will be 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 2015

20. SHARE CAPITAL (continued)

(b) On 23 September 2013, the Company has entered into a conditional sale and purchase agreement to acquire the entire issued and paid-up share capital of CAT by issuing 14,615,385 new ordinary shares. The acquisition was completed on 12 December 2013 and 14,615,385 new ordinary shares were issued and allotted. The market price of the Company as at date of acquisition was $0.09 per share. The newly issued shares rank pari passu in all respects with the previously issued shares.

(c) 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.

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 ("**Call Options**") (Note 20(f)). The value of call option has been recognised within the share capital.

(d) On 17 December 2013, the Company had entered into a conditional subscription agreement with 212 DB for the proposed subscription of 4.99% of the issued and paid-up share capital of 212 DB that carries full voting rights. The proposed subscription was completed on 20 January 2014 and 30,059,393 of consideration shares to 212 DB and 2,104,158 commission shares to ViewTrade Securities, a third party broker, were issued and allotted. The market price of the Company on 20 January 2014 was $0.083 per share. During the financial year ended 31 March 2015, there was a share exchange between 212 DB and Nyxio. The details are disclosed in Note 13 of the financial statements.

(e) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

20. SHARE CAPITAL (continued)

(e) Share options (continued)

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 $0.05 to $0.22 per share (2014: $0.05 to $0.22);

(c) the options can be exercised from 20 July 2011 to 22 April 2019 (2014: 2 July 2010 to 22 August 2017), 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 2015, 19,450,000 share options were granted under the existing employee share option plan.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

20. SHARE CAPITAL (continued)

(e) 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
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**		
2014							
Date of grant							
16.01.2009	1,656,500	–	(1,656,500)	–	–	0.17	16.01.2010 to 16.01.2014
02.07.2009	4,573,500	–	(44,250)	(150,000)	4,379,250	0.12	02.07.2010 to 02.07.2014
20.07.2010	1,178,250	–	(155,000)	(174,000)	849,250	0.08	20.07.2011 to 20.07.2015
22.03.2011	2,400,000	–	–	(150,000)	2,250,000	0.05	22.03.2012 to 22.03.2016
23.06.2011	10,540,000	–	(1,460,000)	–	9,080,000	0.21	23.06.2012 to 23.06.2016
23.12.2011	5,688,000	–	(1,075,000)	–	4,613,000	0.14	23.12.2012 to 23.12.2016
22.08.2012	9,900,000	–	(2,320,000)	–	7,580,000	0.22	22.08.2013 to 22.08.2017
	35,936,250	–	(6,710,750)	(474,000)	28,751,500		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

20. SHARE CAPITAL (continued)

(e) Share options (continued)

Out of the unexercised options for 41,233,000 (2014: 28,751,500) shares, options for 15,898,000 (2014: 14,057,750) shares are exercisable at the reporting date. The weighted average share price at the date of exercise for share options exercised in 2015 was $0.008 (2014: $0.154) 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 charged $431,943 (2014: $558,377) to profit or loss (Note 5) for the financial year ended 31 March 2015, based on fair value of the share options at the grant date.

Fair value of share options and assumptions

Date of grant of options	**16.01.2009**	**02.07.2009**	**20.07.2010**	**22.03.2011**
Fair value at measurement date	$0.0511 – $0.0668	$0.0470 – $0.0570	$0.0166 – $0.0424	$0.0092 -$0.0255
Share price	$0.17	$0.12	$0.09	$0.055
Exercise price	$0.17	$0.12	$0.08	$0.05
Expected volatility	49.20% – 76.72%	56.99% – 94.12%	31.62% – 70.33%	30.25% – 60.20%
Expected option life	1 – 5 years	1 – 5 years	1 – 5 years	1 – 5 years
Expected dividends	–	–	–	–
Risk-free interest rate	0.56% – 1.24%	0.35% – 1.17%	0.35% – 0.65%	0.36% – 0.77%

Date of grant of options	**23.06.2011**	**23.12.2011**	**22.08.2012**	**22.04.2014**
Fair value at measurement date	$0.0369 – $0.1065	$0.0225 – $0.0618	$0.0641 – $0.1682	$0.0164 -$0.0272
Share price	$0.23	$0.14	$0.215	$0.041
Exercise price	$0.21	$0.14	$0.22	$0.048
Expected volatility	28.75% – 59.53%	39.12% – 56.84%	78.53% – 123.54%	92.62% – 117.60%
Expected option life	1 – 5 years	1 – 5 years	1 – 5 years	1 – 5 years
Expected dividends	–	–	–	–
Risk-free interest rate	0.41% – 0.80%	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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

20. SHARE CAPITAL (continued)

(e) Share options (continued)

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.

(f) Call options

As at 31 March 2015 and 2014, none of the option shares have been exercised. The total number of the option shares outstanding as at 31 March 2015 is 35,700,000 (2014: 35,700,000). The Call Options will expire on 27 September 2015.

21. OTHER RESERVES

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Composition:				
Share option reserve	**2,541,745**	2,111,736	**2,541,745**	2,111,736
Currency translation reserve	**76,350**	(12,602)	**–**	–
Capital reserve	**11**	11	**11**	11
	2,618,106	2,099,145	**2,541,756**	2,111,747

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

21. OTHER RESERVES (continued)

(i) Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options.

	Group		Company	
	2015 $	2014 $	**2015 $**	2014 $
Movements:				
Beginning of financial year	**2,111,736**	1,567,611	**2,111,736**	1,567,611
Employee share option plan				
– Value of employee services (Note 5)	**431,943**	558,377	**431,943**	558,377
– Share options exercised	**(1,957)**	(14,252)	**(1,957)**	(14,252)
– Proceeds from new share options granted	**23**	–	**23**	–
End of financial year	**2,541,745**	2,111,736	**2,541,745**	2,111,736

(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	
	2015 $	2014 $	**2015 $**	2014 $
Movements:				
Beginning of financial year	**(12,602)**	(42,364)	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries	**88,952**	29,762	**–**	–
End of financial year	**76,350**	(12,602)	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

21. OTHER RESERVES (continued)

(iii) Capital reserve

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

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Beginning and end of financial year	**11**	11	**11**	11

22. COMMITMENTS

(a) Capital commitments

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

	Group	
	2015	2014
	$	$
Advertising inventory*	**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 viewing 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 viewing, in exchange for guaranteed minimum payments plus a participation in profits.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

22. COMMITMENTS (continued)

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

The Group leases 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	
	2015	2014
	$	$
Not later than one year	**657,073**	541,749
Between one and five years	**709,153**	215,259
	1,366,226	757,008

23. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

23. FINANCIAL RISK MANAGEMENT (continued)

(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 2015

23. 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 $	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 related companies	4,224,946	–	–	–	–	4,224,946
Other current assets	50,425	130,411	–	–	62,912	243,748
	5,323,269	653,640	986,099	6,359	318,815	7,288,182
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 related companies	(4,224,946)	–	–	–	–	(4,224,946)
	(7,226,635)	(265,946)	(67,044)	–	(397,233)	(7,956,858)
Net financial (liabilities)/assets	(1,903,366)	387,694	919,055	6,359	(78,418)	(668,676)
Financial liabilities/(assets) denominated in the respective entities' functional currencies	(783,592)	(387,694)	–	–	78,418	
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies	(2,686,958)	–	919,055	6,359	–	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

23. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD $	ILS $	USD $	EUR $	THB $	Total $
At 31 March 2014						
Financial assets						
Cash and cash equivalents	2,386,775	354,928	121,835	7,388	60,352	2,931,278
Trade and other receivables	143,943	8,699	597,841	–	237,272	987,755
Receivables from related companies	9,129,120	–	177,114	–	–	9,306,234
Other current assets	52,947	135,432	–	–	58,450	246,829
	11,712,785	499,059	896,790	7,388	356,074	13,472,096
Financial liabilities						
Trade payables and other liabilities	(263,935)	(126,158)	(90,065)	–	(311,971)	(792,129)
Loans from shareholder	(2,750,000)	–	–	–	–	(2,750,000)
Payables by related companies	(9,129,120)	–	(177,114)	–	–	(9,306,234)
	(12,143,055)	(126,158)	(267,179)	–	(311,971)	(12,848,363)
Net financial (liabilities)/assets	(430,270)	372,901	629,611	7,388	44,103	623,733
Financial liabilities/(assets) denominated in the respective entities' functional currencies	(3,160,234)	(372,901)	–	–	(44,103)	
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies	(3,590,504)	–	629,611	7,388	–	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

23. 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 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
	5,286,478	250,924	6,359	5,543,761
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	2,311,043	240,527	6,359	2,557,929
Financial liabilities denominated in the Company's functional currency	(2,311,043)	–	–	
Currency exposure of financial assets	–	240,527	6,359	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

23. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD $	USD $	EUR $	Total $
At 31 March 2014				
Financial assets				
Cash and cash equivalents	2,353,970	16,649	7,388	2,378,007
Trade and other receivables	9,185,953	–	–	9,185,953
Other current assets	50,424	–	–	50,424
	11,590,347	16,649	7,388	11,614,384
Financial liabilities				
Trade payables and other liabilities	(238,480)	(186,643)	–	(425,123)
Loans from shareholder	(2,750,000)	–	–	(2,750,000)
	(2,988,480)	(186,643)	–	(3,175,123)
Net financial assets/(liabilities)	8,601,867	(169,994)	7,388	8,439,261
Financial liabilities denominated in the Company's functional currency	(8,601,867)	–	–	
Currency exposure of financial (liabilities)/assets	–	(169,994)	7,388	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

23. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the THB, USD and EUR change against the SGD by 10% (2014: 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 2015	Loss after tax 2014
	$	$
Group		
SGD against THB		
– strengthened	**268,696**	359,050
– weakened	**(268,696)**	(359,050)
USD against SGD		
– strengthened	**(91,906)**	(62,961)
– weakened	**91,906**	62,961
EUR against SGD		
– strengthened	**(636)**	(739)
– weakened	**636**	739
Company		
USD against SGD		
– strengthened	**(24,053)**	16,999
– weakened	**24,053**	(16,999)
EUR against SGD		
– strengthened	**(636)**	(739)
– weakened	**636**	739

(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 assets, 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 2015

23. 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. 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 1 debtor (2014: 1 debtor) that represented approximately 98% (2014: 97%) of trade receivables.

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

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
By geographical areas				
Asia	**623,000**	836,729	**–**	1,330
Europe, Middle East and Africa ("**EMEA**")	**174,935**	8,700	**–**	–
Other countries	**–**	2,164	**–**	–
	797,935	847,593	**–**	1,330
By operating segments				
Video management equipment and solutions	**3,702**	4,078	**–**	1,330
Media solutions	**174,935**	10,864	**–**	–
Contract manufacturing business	**619,298**	832,651	**–**	–
	797,935	847,593	**–**	1,330

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

23. 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	
	2015	2014	**2015**	2014
	$	$	**$**	$
Trade receivables				
– non-related party	**19,441**	19,441	**19,441**	19,441
– subsidiaries	**–**	–	**647,286**	188,932
Loan to a subsidiary	**–**	–	**699,600**	699,600
Other receivables from a subsidiary	**–**	–	**8,640,913**	1,411,966
	19,441	19,441	**10,007,240**	2,319,939
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)**	(188,932)
– loan to a subsidiary	**–**	–	**(699,600)**	(699,600)
– other receivables from a subsidiary	**–**	–	**(8,640,913)**	(1,411,966)
	–	–	**–**	–
Loans to a joint venture	**1,418,073**	1,218,073	**–**	–
Less: Share of loss of a joint venture	**(530,093)**	(380,601)	**–**	–
Less: Currency translation difference	**(44,994)**	(625)	**–**	–
	842,986	836,847	**–**	–
Less: Allowance for impairment	**(842,986)**	(836,847)	**–**	–
	–	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

23. 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	
	2015	2014	**2015**	2014
	$	$	**$**	$
Beginning of financial year	**(856,288)**	(19,441)	**(2,319,939)**	(1,107,833)
Allowance made	**(6,139)**	(836,847)	**(7,687,301)**	(1,212,106)
End of financial year	**(862,427)**	(856,288)	**(10,007,240)**	(2,319,939)

There is no other class of financial assets that is past due and/or 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 9. 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 2015

23. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Less than 1 year $	More than 1 year $
Group		
At 31 March 2015		
Trade payables and other liabilities	**981,912**	**–**
Loans from shareholder	**–**	**2,750,000**
At 31 March 2014		
Trade payables and other liabilities	792,129	–
Loans from shareholder	–	2,750,000
Company		
At 31 March 2015		
Trade payables and other liabilities	**235,832**	**–**
Loans from shareholder	**–**	**2,750,000**
At 31 March 2014		
Trade payables and other liabilities	425,123	–
Loans from shareholder	–	2,750,000

The settlement of the loans from shareholder is neither planned nor likely to occur in the next 12 months from the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

23. FINANCIAL RISK MANAGEMENT (continued)

(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.

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 2015 and 2014.

(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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

23. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

Group and Company

	Level 1 $	Level 2 $	Level 3 $	Total $
2015				
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.

The Group's investment that is classified as Level 2 comprise of convertible preferred shares of a publicly traded company. The fair value of the convertible preferred shares is calculated as the present value of the estimated future cash flows received upon conversion of the share. The date of conversion is determined based on the projected share price, estimated using the historical daily stock price of the underlying common stock.

(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 13 to the financial statements, except for the following:

	Group		Company	
	2015 $	2014 $	**2015** $	2014 $
Loans and receivables	**3,063,236**	4,165,862	**5,543,761**	11,614,384
Financial liabilities at amortised cost	**3,731,912**	3,542,129	**2,985,832**	3,175,123

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

24. 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	
	2015	2014
	$	$
Directors' fees (Note 5)	**60,000**	68,750
Wages and salaries (including allowances)	**1,012,202**	668,993
Employer's contribution to defined contribution plans, including Central Provident Fund	**34,735**	18,600
Share options expense at fair value charged to profit or loss during the financial year	**368,753**	421,180
Other benefits	**61,925**	5,620
	1,537,615	1,183,143

25. SEGMENT INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic business units. 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 Equipment and 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 2015

25. SEGMENT INFORMATION (continued)

Business segments

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

	Video management equipment and solutions		Media solutions		Contract manufacturing business		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$	$	**$**	$	**$**	$	**$**	$
Segment revenue	**15,813**	46,257	**105,207**	7,069	**7,926,556**	1,957,634	**8,047,576**	2,010,960
Reportable segment (loss)/ profit before income tax	**(435,645)**	(673,627)	**(2,939,374)**	(4,052,219)	**902,432**	85,851	**(2,472,587)**	(4,639,995)
Other material non-cash items:								
Depreciation of property, plant and equipment	**2,620**	6,421	**26,581**	44,690	**501,451**	138,388	**530,652**	189,499
Amortisation of intangible assets	**–**	–	**5,714**	7,797	**255,232**	81,679	**260,946**	89,476
Assets and liabilities:								
Reportable segment assets	**31,615**	40,721	**1,139,169**	425,011	**6,350,225**	5,467,114	**7,521,009**	5,932,846
Reportable segment liabilities	**154,224**	156,353	**343,196**	196,008	**419,592**	340,407	**917,012**	692,768
Other segment information:								
Capital expenditure of property, plant and equipment	**–**	–	**36,664**	–	**1,232,345**	404,509	**1,269,009**	404,509
Capital expenditure of intangible assets	**–**	–	**797**	–	**38,591**	1,225,187	**39,388**	1,225,187

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

25. SEGMENT INFORMATION (continued)

(a) Reconciliations

(i) Segment loss

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

	2015 $	2014 $
Revenues		
Total revenue for reportable segments	**8,047,576**	2,010,960
Consolidated revenue	**8,047,576**	2,010,960
Profit or loss		
Total loss for reportable segments	**(2,472,587)**	(4,639,995)
Unallocated amounts:		
– Distribution expenses	**(3,708)**	–
– Administrative expenses	**(1,177,998)**	(1,134,259)
– Other operating expenses	**(190,702)**	(21,836)
– Other (expense)/income – net	**(1,755,959)**	12,409
Consolidated loss before income tax	**(5,600,594)**	(5,783,681)

(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, deposits and advances to employees and suppliers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

25. SEGMENT INFORMATION (continued)

(a) Reconciliations (continued)

(ii) Segment assets (continued)

Segment assets are reconciled to total assets as follows:

	2015 $	2014 $
Segment assets for reportable segments	**7,521,009**	5,932,846
Unallocated:		
Cash and cash equivalents	**1,268,391**	2,378,007
Other receivables	**–**	55,500
Other current assets	**105,336**	349,480
Property, plant and equipment	**27,723**	52,343
Available-for-sale financial assets	**612,584**	2,669,576
	9,535,043	11,437,752

(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 shareholders and directors' fees payable.

Segment liabilities are reconciled to total liabilities as follows:

	2015 $	2014 $
Segment liabilities for reportable segments	**917,012**	692,768
Unallocated:		
Other payables	**202,620**	2,013,952
Loans from shareholder	**2,750,000**	2,750,000
	3,869,632	5,456,720

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

25. SEGMENT INFORMATION (continued)

(b) Geographical information

The Group's three business segments operate primarily in three main geographical areas. In Asia, where the Company is located, the areas of operation of the Group are principally video management equipment and solutions and contract manufacturing business.

The main activities in Europe, Middle East and Africa ("**EMEA**") and North America consists of media solutions.

	Segment revenue		Non-current assets	
	2015	2014	**2015**	2014
	$	$	**$**	$
Asia	**7,942,369**	2,003,891	**4,873,034**	4,158,513
EMEA	**105,207**	3,492	**48,808**	45,115
North America	**–**	3,577	**–**	2,669,575
	8,047,576	2,010,960	**4,921,842**	6,873,203

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:

	2015	2014
	$	$
Contract Manufacturing Business		
Customer 1	**7,926,556**	1,957,634

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

26. 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 2015 and which the Group has not early adopted:

- FRS 24 Related Party Disclosures (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

  The report entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

  This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- FRS 113 Fair value Measurement (effective for annual periods beginning on or after 1 July 2014)

  The amendment clarifies that the portfolio exception in FRS 113, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of FRS 39.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

27. EVENTS OCCURRING AFTER REPORTING DATE

Convertible loan and grant of options

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 million in principal amount, convertible into such number of new ordinary shares in the share capital of the Company (the "**Conversion Shares**") at an issue price of US$0.0942 for each Conversion Share. The convertible loan agreement has been drawn down on 17 April 2015 and 27 April 2015, amounting to a total of US$4 million.

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 issue price of US$0.0942 for each Option Share, subject to a maximum of US$2 million for the Lender.

28. 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 5 June 2015.

ANALYSIS OF SHAREHOLDINGS

As at 25 June 2015

SHAREHOLDERS' INFORMATION

Class of Equity Securities	Number of Equity Securities	Voting Rights
Ordinary Shares	888,427,918	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	3	0.20	65	0.00
100 – 1,000	69	4.45	65,106	0.01
1,001 – 10,000	148	9.54	1,034,500	0.12
10,001 – 1,000,000	1,241	80.01	183,736,114	20.68
1,000,001 and above	90	5.80	703,592,133	79.19
	1,551	100.00	888,427,918	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Algotech Holdings Ltd[1]	99,849,680	11.24	–	–
Ching Chiat Kwong	75,812,000	8.53	–	–
Dr Ofer Miller	64,015,224	7.21	–	–
Soh Sai Kiang Philip[2]	32,618,000	3.67	99,849,680	11.24
Ching Chiat Kwong				

The percentage of shareholding above is computed based on the total issued shares of 888,427,918.

(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 (Cap. 50), Soh Sai Kiang Philip is deemed to be interested in the 99,849,680 ordinary shares held by Algotech Holdings Ltd.

ANALYSIS OF SHAREHOLDINGS

As at 25 June 2015

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Algotech Holdings Ltd	99,849,680	11.24
2	DB Nominees (S) Pte Ltd	74,635,600	8.40
3	Dr Ofer Miller	64,015,224	7.21
4	Maybank Kim Eng Securities Pte Ltd	33,598,083	3.78
5	Soh Sai Kiang Philip	32,618,000	3.67
6	OCBC Securities Private Ltd	31,717,200	3.57
7	Raffles Nominees (Pte) Ltd	22,548,500	2.54
8	UOB Kay Hian Pte Ltd	16,592,000	1.87
9	Tembusu Growth Fund Ltd	16,491,100	1.86
10	Ching Chiat Kwong	15,228,400	1.71
11	Ong Teck Beng (Wang Deming)	13,870,000	1.56
12	Kuan Yong Kuan@ Kuang Eng Kong	12,677,200	1.43
13	Lam Zhi Loong (Lin Zhilong)	11,190,000	1.26
14	Citibank Nominees Singapore Pte Ltd	10,785,500	1.21
15	Quahe Cheng Bok Ian	10,500,000	1.18
16	Phillip Securities Pte Ltd	10,097,400	1.14
17	Yao Hsiao Tung	10,000,000	1.13
18	Chia Kee Neo Elsie	8,228,000	0.93
19	Lee Kuan Kheng Candy (Li Guangqing)	8,184,614	0.92
20	Seow Kheng Yong (Xiao Qingrong)	7,708,700	0.87
		510,535,201	57.48

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at 25 June 2015, approximately 68.67% 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 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 Wednesday, 29 July 2015 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to the Articles of Association of the Company:

Mr Koh Boon Liang Alan	(Retiring under Article 91)	**(Resolution 2)**
Mr Wong Chee Meng Lawrence	(Retiring under Article 91)	**(Resolution 3)**
Mr Goh Tzu Seoh Kenneth	(Retiring under Article 91)	**(Resolution 4)**
[See Explanatory Note (i)]		

3. To approve the payment of Directors' fees of S$60,000 for the financial year ended 31 March 2015. (2014: S$68,750) **(Resolution 5)**

4. To re-appoint PricewaterhouseCoopers LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

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 allot and issue shares in the capital of the Company**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) allot and issue shares in 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 outstanding and subsisting at the time of the passing of this Resolution; 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 Listing Manual Section B: Rules of Catalist of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; 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 7)**

[See Explanatory Note (ii)]

NOTICE OF ANNUAL GENERAL MEETING

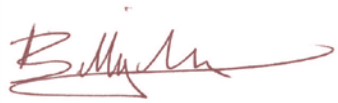
7. **Authority to grant options, allot and issue shares under the Artivision Technologies Employee Share Option Plan**

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 allot and 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, 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 shall not exceed 10% 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 8)

[See Explanatory Note (iii)]

By Order of the Board



Mr Lau Yan Wai
Company Secretary
Singapore, 13 July 2015

Explanatory Notes:

(i) Mr Koh Boon Liang Alan will, upon re-election as a Director of the Company, remain as an Independent Director of the Company. There are no relationships (including immediate family relationships) between Mr Koh Boon Liang Alan and the other Directors or the Company's 10% shareholders. The Board considers Mr Koh Boon Liang Alan to be independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

Mr Wong Chee Meng Lawrence will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and as a member of the Audit and Remuneration Committees. There are no relationships (including immediate family relationships) between Mr Wong Chee Meng Lawrence and the other Directors or the Company's 10% shareholders. The Board considers Mr Wong Chee Meng Lawrence to be independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

Mr Goh Tzu Seoh Kenneth will, upon re-election as a Director of the Company, remain as an Executive Director of the Company. There are no relationships (including immediate family relationships) between Mr Goh Tzu Seoh Kenneth and the other Directors or the Company's 10% shareholders. Mr Goh Tzu Seoh Kenneth has a direct interest of 0.6% in the Company.

Detailed information on the Directors of the Company who are proposed to be re-appointed can be found under the sections entitled "Profile of Directors & Key Management Profile", "Corporate Governance Report" and "Directors' Report" of the Company's Annual Report 2015.

NOTICE OF ANNUAL GENERAL MEETING

(ii) The Ordinary Resolution 7 above, if passed, will authorise and empower the Directors of the Company from the date of this Annual General Meeting 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 allot and 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 outstanding and subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The Ordinary Resolution 8 above, if passed, will authorise and empower the Directors of the Company, from the date of this Annual General Meeting until 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 allot and issue shares in the Company pursuant to the exercise of options granted or to be granted under the Plan up to a number not exceeding in total (for the entire duration of the Plan) 10% 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 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 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. If the appointor is a corporation, the instrument appointing the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. 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.

NOTICE OF ANNUAL GENERAL 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, Deputy Head of Continuing Sponsorship, 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 (the "**Meeting**") of the Company to be held at 16 Arumugam Road, Lion Building D, #05-01, Seminar Room, Singapore 409961 on Wednesday, 29 July 2015 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. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and the Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2015 together with the Auditors' Report thereon		
2	Re-election of Mr Koh Boon Liang Alan as a Director of the Company		
3	Re-election of Mr Wong Chee Meng Lawrence as a Director of the Company		
4	Re-election of Mr Goh Tzu Seoh Kenneth as a Director of the Company		
5	Approval of payment of Directors' fees amounting to S$60,000 for the financial year ended 31 March 2015 (2014: S$68,750)		
6	Re-appointment of PricewaterhouseCoopers LLP as Auditors of the Company		
7	Authority to allot and issue shares		
8	Authority to grant options, allot and issue shares under the Artivision Technologies Employee Share Option Plan		

Dated this _____ day of _____ 2015

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

_____

Signature of Shareholder(s)
or 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 130A of the Companies Act, Chapter 50 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 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. A member of the Company entitled to attend and vote at Meeting of the Company 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. 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.

5. 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.

6. 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.

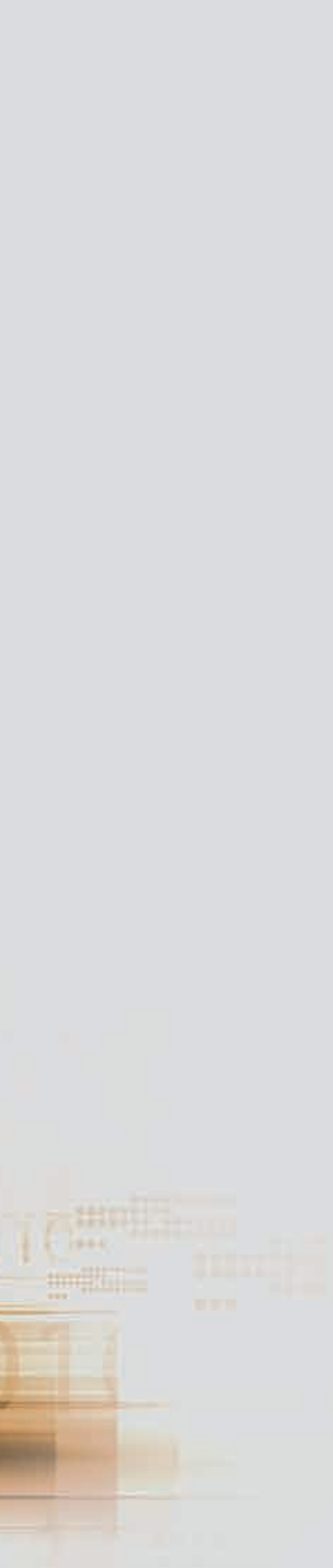
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or 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 forty-eight (48) 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 13 July 2015.





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