Company Registration No. 200407031R

ARTIVISION TECHNOLOGIES LTD.

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2015

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

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 Months			6 Months		
	1 Jul 2015 to 30 Sep 2015	1 Jul 2014 to 30 Sep 2014	+/-	1 Apr 2015 to 30 Sep 2015	1 Apr 2014 to 30 Sep 2014	+/-
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	2,533	2,070	22	4,276	4,024	6
Cost of sales	(1,962)	(1,308)	50	(3,413)	(2,535)	35
Gross profit	571	762	(25)	863	1,489	(42)
Gross profit margin	23%	37%		20%	37%	
Other income/(expenses) - net	(961)	19	N.M.	(1,122)	31	N.M.
Other gain - net	1,927	83	N.M.	1,998	67	N.M.
Distribution expenses	(417)	(158)	164	(766)	(342)	124
Administrative expenses	(1,112)	(975)	14	(2,173)	(1,925)	13
Other operating expenses (including research and development expenses)	(618)	(409)	51	(1,211)	(810)	50
Loss before income tax	(610)	(678)	(10)	(2,411)	(1,490)	62
Income tax expense	-	(4)	N.M.	-	(9)	N.M.
Net loss for the period	(610)	(682)	(11)	(2,411)	(1,499)	61
Other comprehensive loss:						
Item that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation – Losses	(121)	(15)	707	(307)	(14)	N.M.
Total comprehensive loss	(731)	(697)	5	(2,718)	(1,513)	80

N.M. – not meaningful

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

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

	3 Months			6 Months		
	1 Jul 2015 to 30 Sep 2015	1 Jul 2014 to 30 Sep 2014	+/-	1 Apr 2015 to 30 Sep 2015	1 Apr 2014 to 30 Sep 2014	+/-
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	S$'000	S$'000	%	S$'000	S$'000	%
Depreciation of property, plant and equipment	(165)	(131)	26	(327)	(250)	31
Amortisation of intangible assets	(65)	(63)	3	(129)	(126)	2
Allowance for inventories obsolescence	(-*)	-	N.M.	(2)	-	N.M.
Loss on disposal of property, plant and equipment	(1)	-	N.M.	(-*)	-	N.M.
Other income/(expenses) – net						
Interest income from bank and fixed deposits	-*	5	100	2	9	(78)
Interest expenses on convertible loan	(928)	-	N.M.	(1,094)	-	N.M.
Interest expenses on bonds	(36)	-	N.M.	(36)	-	N.M.
Other operating income	3	14	(79)	6	22	(73)
	(961)	19	N.M.	(1,122)	31	N.M.
Other gains/(losses) – net						
Fair value changes on financial derivative instruments	2,000	-	N.M.	2,000	-	N.M.
Foreign exchange (losses)/gains - net	(73)	83	(187)	(2)	67	(103)
	1,927	83	N.M.	1,998	67	N.M.

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

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

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30 Sep 2015 (Unaudited) S$'000	31 Mar 2015 (Audited) S$'000	30 Sep 2015 (Unaudited) S$'000	31 Mar 2015 (Audited) S$'000
ASSETS				
Current assets				
Cash and cash equivalents	5,321	1,945	3,977	1,268
Available-for-sale financial asset	613	613	613	613
Trade and other receivables	1,331	874	4,222	4,226
Other current assets	3,416	734	73	105
Inventories	266	447	11	11
	10,947	**4,613**	**8,896**	**6,223**
Non-current assets				
Other receivables	-	-	5,986	-
Available-for-sale financial asset	-*	-*	-*	-*
Investments in subsidiaries	-	-	1,316	1,316
Investment in a joint venture	-	-	-	-
Property, plant and equipment	3,490	3,995	16	28
Intangible assets	808	927	-	-
	4,298	**4,922**	**7,318**	**1,344**
Total assets	**15,245**	**9,535**	**16,214**	**7,567**
LIABILITIES				
Current liability				
Trade payables and other liabilities	1,753	1,119	785	367
Derivative financial instruments	1,831	-	1,831	-
Convertible loan	3,299	-	3,299	-
Bonds payable	2,541	-	2,541	-
	9,424	1,119	8,456	367
Non-current liabilities				
Loans from shareholder	2,750	2,750	2,750	2,750
Total liabilities	**12,174**	**3,869**	**11,206**	**3,117**
NET ASSETS	**3,071**	**5,666**	**5,008**	**4,450**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	50,731	50,731	50,731	50,731
Other reserves	2,434	2,618	2,665	2,542
Accumulated losses	(50,094)	(47,683)	(48,388)	(48,823)
Total equity	**3,071**	**5,666**	**5,008**	**4,450**

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

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

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

	As at 30 Sep 2015 (Unaudited)		As at 31 Mar 2015 (Audited)	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Convertible loan	-	3,299	-	-
Bonds payable	-	2,541	-	-

Amount repayable after one (1) year

	As at 30 Sep 2015 (Unaudited)		As at 31 Mar 2015 (Audited)	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Loans from shareholder	-	2,750	-	2,750

Details of any collateral

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

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

The Bonds are interest-free, unsecured and repayable in one lump sum on 21 September 2016.

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 30 Sep 2015 (Unaudited) S$'000	3 months ended 30 Sep 2014 (Unaudited) S$'000	6 months ended 30 Sep 2015 (Unaudited) S$'000	6 months ended 30 Sep 2014 (Unaudited) S$'000
Cash flows from operating activities				
Net loss	(610)	(682)	(2,411)	(1,499)
Adjustments for				
- Income tax expense	-	4	-	9
- Amortisation of intangible assets	65	63	129	126
- Depreciation of property, plant and equipment	165	131	327	250
- Unrealised currency translation losses	331	8	17	3
- Interest income	(-*)	(5)	(2)	(9)
- Interest expense on convertible loan	928	-	1,094	-
- Interest expense on bond	36	-	36	-
- Fair value changes on derivative financial instruments	(2,000)	-	(2,000)	-
- Loss on disposal of property, plant and equipment	1	-	-*	-
- Allowance for inventories obsolescence	-*	-	2	-
- Employee share option expenses	50	112	123	245
	(1,034)	(369)	(2,685)	(875)
Change in working capital:				
- Inventories	188	31	150	(10)
- Trade and other receivables	38	(72)	(506)	(130)
- Other current assets	271	(33)	(2,584)	42
- Trade payables and other liabilities	104	287	181	233
Cash used in operations	(433)	(156)	(5,444)	(740)
Interest received	-*	5	2	9
Income tax paid	-	(1)	-	(5)
Net cash used in operating activities	(433)	(152)	(5,442)	(736)
Cash flows used in investing activities				
Additions to property, plant and equipment	(48)	(630)	(96)	(907)
Additions to intangible assets	(8)	-	(12)	-
Sales proceeds on disposal of property, plant and equipment	(-*)	-	-*	-
Net cash used in investing activities	(56)	(630)	(108)	(907)
Cash flows from financing activities				
Proceeds from new share options granted	-	-	-	-*
Proceeds from the renounceable and partially underwritten Rights Shares	-	-	-	3,303
Proceeds from issuance of bonds	3,200	-	3,200	-
Proceeds from exercise of share options	-	4	-	4
Share issue expenses	-	-	-	(315)
Proceeds from convertible loan	-	-	5,718	-
Net cash from financing activities	3,200	4	8,918	2,992
Net increase/(decrease) in cash and cash equivalents	**2,711**	**(778)**	**3,368**	**1,349**
Cash and cash equivalents				
Beginning of financial year	2,596	5,062	1,945	2,931
Effects of currency translation on cash and cash equivalents	14	(9)	8	(5)
End of financial period	**5,321**	**4,275**	**5,321**	**4,275**

** Amount less than S$1,000*

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

STATEMENT OF CHANGES IN EQUITY

Group	Share capital	Currency translation reserve	Share option reserve	Capital reserve	Accumulated losses	Total attributable to equity holders of the Company
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
(Unaudited)						
Balance as at 1 April 2014	45,964	(12)	2,112	-*	(42,083)	5,981
Total comprehensive loss for the period	–	(14)	-	–	(1,499)	(1,513)
Value of employee services received for issue of share options	-	-	245	–	-	245
Share options exercised	6	-	(2)	–	-	4
Renounceable and partially underwritten Rights Issue	5,076	-	-	-	-	5,076
Share issue expenses	(315)	-	-	–	-	(315)
Proceeds from new share options granted	-	-	-*	–	-	-*
Balance as at 30 September 2014	50,731	(26)	2,355	-*	(43,582)	9,478
(Unaudited)						
Balance as at 1 April 2015	50,731	76	2,542	-*	(47,683)	5,666
Total comprehensive loss for the period	-	(307)	-	-	(2,411)	(2,718)
Value of employee services received for issue of share options	-	-	123	–	-	123
Balance as at 30 September 2015	50,731	(231)	2,665	-*	(50,094)	3,071

* *Amount less than S$1,000*

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

STATEMENT OF CHANGES IN EQUITY

Company	Share capital	Share option reserve	Capital reserve	Accumulated losses	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000
(Unaudited)					
Balance as at 1 April 2014	45,964	2,112	-*	(37,440)	10,636
Total comprehensive loss for the period	-	-	-	(802)	(802)
Value of employee services received for issue of share options	-	245	-	-	245
Share options exercised	6	(2)	-	-	4
Renounceable and partially underwritten Rights Issue	5,076	-	-	-	5,076
Share issue expenses	(315)	-	-	-	(315)
Proceeds from new share options granted	-	-*	-	-	-*
Balance as at 30 September 2014	50,731	2,355	-*	(38,242)	14,844
(Unaudited)					
Balance as at 1 April 2015	50,731	2,542	-*	(48,823)	4,450
Total comprehensive loss for the period	-	-	-	435	435
Value of employee services received for issue of share options	-	123	-	-	123
Balance as at 30 September 2015	50,731	2,665	-*	(48,388)	5,008

* *Amount less than S$1,000*

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

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

As at 30 September 2015, the total number of employee share options outstanding was 40,333,000 (30 September 2014: 43,133,000).

On 28 September 2013, the Company entered into subscription agreements ("**Subscription Agreements**") to allot and issue 35,700,000 new ordinary shares at a price of S$0.12222 per share to provide funds for the settlement of all unpaid construction costs for Colibri Assembly (Thailand) Co., Ltd ("**CAT**")'s existing factory situated in Thailand and the balance thereof for its working capital. The placement was completed on 16 October 2013. The newly issued shares rank *pari passu* in all respects with the previously issued shares. Pursuant to the Subscription Agreements, the Company had granted options to each subscriber to subscribe an aggregate of 35,700,000 additional shares in the share capital of the Company at S$0.12222 per option share (the "**2013 Call Options**"). The value of the 2013 Call Options has been recognised within the share capital. As at 27 September 2015, none of the 2013 Call Options were exercised and had, accordingly, expired on the same date.

On 17 April 2015, the Company entered into a convertible loan agreement (the "**Loan Agreement**") with NCL Housing Pte. Ltd. (the "**Lender**"), pursuant to which the Lender agreed to grant the Company loans of up to US$4,000,000 in principle amount (the "**Convertible Loan**"), convertible into such number of new ordinary shares in the share capital of the Company (the "**Convertible Shares**") at a conversion price of US$0.0942 for each Conversion Share. The Convertible Loan has been fully drawn down on 17 April 2015 and 27 April 2015. Pursuant to the Loan Agreement, the Company has granted the Lender the right to subscribe for such number of shares in the share capital of the Company (the "**Option Shares**") at an exercise price of US$0.0942 for each Option Share, subject to a maximum subscription amount of approximately US$2,000,000 (the "**2015 Call Options**"). As at 30 September 2015, none of the 2015 Call Options were exercised and the 2015 Call Options will expire on 16 April 2017.

On 22 September 2015, the Company entered into a subscription agreement (the "**Subscription Agreement**") with Mr Ho Kok Fi John (the "**First Subscriber**") and Mr Lim Chye Huat @ Bobby Lim Chye Huat (the "**Second Subscriber**") (together, the "**Subscribers**"), pursuant to which the Subscribers agreed to subscribe for bonds in aggregate principal amount of S$4.0 million to be issued by the Company ("**Bonds**") at a subscription price of 80% of the principal amount of the Bonds ("**Issuance of Bonds**"). In connection with the Issuance of Bonds, the Company had, on the same day, entered into an option deed (the "**Option Deed**") with the Subscribers, pursuant to which the Company granted the Subscribers a total of 30,000,000 share options ("**2015 Bond Options**") (of which 22,500,000 Options are granted to the First Subscriber and 7,500,000 Options are granted to the Second Subscriber, which each Option carrying the right to subscribe for one new ordinary share in the capital of the Company ("**New Share**") at the exercise price of S$0.10 per New Share. As at 30 September 2015, none of the 2015 Bond Options were exercised and the 2015 Bond Options will expire on 21 September 2017.

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

The total number of the Convertible Shares, 2015 Call Options and 2015 Bond Options outstanding as at 30 September 2015 was 93,694,267 (30 September 2014: 35,700,000 for the 2013 Call Options).

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

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

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

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

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

Not applicable.

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

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

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

Not applicable.

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

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

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

Not applicable.

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

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

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

	3 Months		6 Months	
	1 Jul 2015 to 30 Sep 2015	1 Jul 2014 to 30 Sep 2014	1 Apr 2015 to 30 Sep 2015	1 Apr 2014 to 30 Sep 2014
Net loss attributable to equity holders of the Company (S$'000)	610	682	2,411	1,499
Weighted average number of ordinary shares outstanding to compute basic loss per share	888,427,918	888,392,586	888,427,918	859,258,496
Basic loss per share (S$ cents)	0.07	0.08	0.27	0.17

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

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

The Company has three categories of potential dilutive ordinary shares, which are share options, convertible loan and call options as at 30 September 2015 (30 September 2014: One category of dilutive potential ordinary shares, which is share options).

For share options, the weighted average number of shares in issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net loss.

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

	3 Months		6 Months	
	1 Jul 2015 to 30 Sep 2015	1 Jul 2014 to 30 Sep 2014	1 Apr 2015 to 30 Sep 2015	1 Apr 2014 to 30 Sep 2014
Net loss used to determine diluted loss per share (S$'000)	610	682	2,411	1,499
Weighted average number of ordinary shares outstanding for basic loss per share	888,427,918	888,392,586	888,427,918	859,258,496
Adjustment for				
- Share options	2,318,850	4,331,065	3,544,031	3,304,609
- Convertible Shares	-	-	-	-
- Call options	-	-	-	-
- Bond options	-	-	-	-
	890,746,768^	892,723,651^	891,971,949^	862,563,105^

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

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

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

Date of grant of options	As at 30 September 2015	As at 30 September 2014
20 July 2010	Expired	800,000
23 June 2011	8,990,000	9,080,000
23 December 2011	4,563,000	4,613,000
22 August 2012	6,620,000	7,140,000
28 September 2013	Expired	35,700,000
22 April 2014	Nil	Nil
17 April 2015	63,694,267	Not Applicable
22 September 2015	30,000,000	Not Applicable

^ In the current financial period, although the options granted were dilutive in nature, the diluted loss per share was computed based on the weighted average number of shares of 888,427,918 shares (30 September 2014: 888,392,586) for the 3 months ended 30 September 2015 and 888,427,918 shares (30 September 2014: 859,258,496) for the 6 months ended 30 September 2014 as the Group had incurred losses.

	3 Months		6 Months	
	1 Jul 2015 to 30 Sep 2015	1 Jul 2014 to 30 Sep 2014	1 Apr 2015 to 30 Sep 2015	1 Apr 2014 to 30 Sep 2014
Diluted loss per share (S$ cents)	0.07	0.08	0.27	0.17

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

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

	Group		Company	
	As at 30 September 2015	As at 31 March 2015	As at 30 September 2015	As at 31 March 2015
Net asset value per ordinary share (S$ cents)	0.35	0.64	0.56	0.50

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

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

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

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

GROUP FINANCIAL PERFORMANCE

Consolidated Statement of Comprehensive Income

The Group made a net loss of S$2.41 million for the first half financial year ended 30 September 2015 ("**1H 2016**") compared to the previous corresponding period ended 30 September 2014 ("**1H 2015**") of S$1.5 million. The higher net loss of S$0.91 million was mainly due to lower gross profit of S$0.63 million, higher interest expenses of S$1.13 million and higher total expenses of S$1.07 million. This was offset by fair value changes on derivative financial instruments of S$2.0 million.

Revenue for 1H 2016 increased to S$4.28 million from S$4.02 million for 1H 2015. This was mainly due to an increase in the Group's revenue from Media Solutions business to $0.54 million in 1H 2016 from S$0.02 million in 1H 2015. The increase in revenue was partially offset by a decrease in revenue from the Group's Contract Manufacturing subsidiary, Colibri Assembly (Thailand) Co., Ltd ("**CAT**") of S$0.25 million due to lower demand from end-customers. CAT's revenue represented approximately 87% of the Group's total revenue in 1H 2016 as compared to 99% in 1H 2015. The Group's revenue from Media Solutions business represented approximately 13% of the Group's total revenue in 1H 2016 as compared to 0.6% in 1H 2015.

Gross profit margin has decreased to 20% in 1H 2016 from 37% in 1H 2015. The decrease was mainly due to the following:

1. Lower revenue from CAT resulted in higher unabsorbed fixed manufacturing overheads, such as depreciation and direct labour.
2. Sale of less profitable products by CAT due to changes in product mix purchased from its customer.
3. Loss incurred in the Media Solution business at the initial stages of the contracts.

The aggregate distribution, administrative and other operating expenses for 1H 2016 increased by S$1.07 million as compared to 1H 2015. This was mainly due to the increase in:-

1. overall payroll of S$0.86 million mainly due to an increase in headcount which had resulted from the increase in activities of the Media Solutions business;
2. professional fees of approximately S$0.20 million relating to legal fees and software sub-contractors; and
3. advertising, marketing and media promotion expenses for Media Solutions business of approximately S$0.10 million.

The increase in distribution, administrative and other operating expenses in 1H 2016 was partially offset by a decrease in share option expenses of approximately S$0.12 million, as some of the employee share options granted by the Group had been fully vested in the financial year ended 31 March 2015.

The Group recorded a net other expenses of S$1.12 million in 1H 2016 compared to a net income of S$31K in 1H 2015. This was mainly due to the interest expenses incurred from the Convertible Loan of S$1.09 million and interest expenses incurred from the Bonds of S$0.03 million in the second quarter of current financial year.

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

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

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

Consolidated Statement of Comprehensive Income (continued)

The net other gain was due to the recognition of fair value changes on derivative financial instruments which arose from the following:

1. Upon the issuance of foreign currency convertible loan and grant of option shares pursuant to the Convertible Loan Agreement, the proceeds are allocated among the embedded equity conversion shares, option shares and the loan component. The derivative financial instruments, which are the embedded conversion shares and option shares, are recognised at its fair value at the inception date. The loan component is the residual value of total cash proceeds received less of the fair value of embedded derivative financial instruments mentioned above. The equity conversion shares and option shares are subsequently carried at its fair value with fair value changes recognised in the profit or loss. This resulted to a fair value gain at approximately S$2.03 million.

2. Upon the issuance of bonds and grant of option shares pursuant to the subscription agreement, the proceeds are allocated between the option shares and the bonds liability component. The derivative financial instrument, which is the option share, is recognised at its fair value at the inception date. The bond liability component is recognised as the residual value of total cash proceeds received less of the fair value of the option shares. The option shares are subsequently carried at its fair value with fair value changes recognised in the statement of comprehensive income. This resulted in a fair value loss of approximately S$33K.

The net other gains/losses were partially offset by foreign exchange losses in 1H 2016 of S$2K compared to foreign exchange gains in 1H 2015 of S$67K. The foreign exchange losses in 1H 2016 were mainly due to strengthening of SGD against THB where the inter-company loan to CAT was in SGD. The foreign exchange losses were offset by foreign exchange gains arising from strengthening of USD against SGD where the inter-company loans to Artimedia was in USD.

Statement of Financial Position

Current assets increased from S$4.61 million as at 31 March 2015 to S$10.95 million as at 30 September 2015, mainly due to the increase in cash and cash equivalents of S$3.38 million, trade and other receivables of S$0.46 million, other current assets of S$2.68 million, partially offset by a decrease in inventories of S$0.18 million.

Cash and cash equivalents increased from S$1.95 million as at 31 March 2015 to S$5.32 million as at 30 September 2015. This was mainly due to the proceeds received in April 2015 pursuant to the Loan Agreement of US$4.00 million and proceeds received in September 2015 pursuant to the Subscription Agreement of S$3.2 million. The increase was partially offset by the advance payment for purchase of media video viewership from publishers in Israel and fund used for working capital purposes.

Trade and other receivables increased from S$0.87 million as at 31 March 2015 to S$1.33 million as at 30 September 2015, mainly due to an increase in trade receivables of S$0.30 million from the Media Solutions business which is in line with the increase in revenue for Media Solutions business and an increase in trade receivables of S$0.11 million from the Contract Manufacturing business. The increase in other receivables of S$0.05 million was from the Contract Manufacturing business.

Other current assets increased from S$0.73 million as at 31 March 2015 to S$3.42 million as at 30 September 2015, mainly due to an increase in prepayments from the Media Solutions business of S$2.71 million as advance payment to publishers for purchase of media video viewership. This was partially offset by a decrease in other current assets of S$0.02 million.

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

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

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

Statement of Financial Position (continued)

Non-current assets decreased from S$4.92 million as at 31 March 2015 to S$4.30 million as at 30 September 2015, mainly due to decrease in property, plant and equipment of S$0.50 million and intangible assets of S$0.12 million.

Property, plant and equipment decreased from S$4.00 million as at 31 March 2015 to S$3.49 million as at 30 September 2015, mainly due to the depreciation charges incurred during the period, which was partially offset by the additions in office equipments and furniture and fittings by the subsidiaries, CAT and Artimedia.

Intangible assets decreased from S$0.93 million as at 31 March 2015 to S$0.80 million as at 30 September 2015, mainly due to the amortisation charges incurred during the period.

Current liabilities increased from S$1.12 million as at 31 March 2015 to S$9.42 million as at 30 September 2015, mainly due to increase in trade payables and accruals of S$0.63 million, convertible loan of S$3.30 million, bonds payable of S$2.54 million and derivative financial instruments of S$1.83 million.

Trade payables and accruals increased from S$1.12 million as at 31 March 2015 to S$1.75 million as at 30 September 2015, mainly due to increase in accruals incurred during the period.

Convertible loan of S$3.30 million and its corresponding derivative financial instruments of S$1.10 million, which are embedded conversion shares and option shares are accounted for in current liabilities. Pursuant to the loan agreement, the Lender is able to convert the convertible loan into conversion shares once the loan has been fully drawn down till the maturity date on 17 April 2017 and the Lender has the right to subscribe the option share before the maturity date on 17 April 2017.

Bonds payable of S$2.54 million and its corresponding derivative financial instrument of S$0.73 million, are option shares and recorded in current liabilities. Pursuant to the subscription agreement, the subscribers have the right to subscribe the option shares before the maturity date on 21 September 2017.

Non-current liability remained unchanged at S$2.75 million as at 31 March 2015 and 30 September 2015.

Total equity decreased from S$5.67 million as at 31 March 2015 to S$3.07 million as at 30 September 2015, mainly due to higher accumulated losses recorded in 1H 2016.

Consolidated Statement of Cash Flows

Net cash used in operating activities for 1H 2016 was S$5.44 million, mainly due to losses incurred by the Group and the advance payment for the purchase of media video viewership from publishers in Israel for Media Solutions business. Net cash used in investing activities for 1H 2016 was S$0.10 million due to the additions of property, plant and equipment and intangible assets for CAT and Artimedia. Net cash from financing activities for 1H 2016 was S$8.92 million due to the proceeds from the Convertible Loan and the Bond.

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

Not applicable.

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

(i) Media Solutions Business

Revenue derived from the Group's Media Solution Business increased substantially to $0.54 million in 1H 2016 (from S$0.02 million in 1H 2015). We expect to complete most of the integration and testing with most of the publishers and advertisers by the third quarter of the financial year ending 31 March 2016. Barring any unforeseen circumstances, we are cautiously optimistic on the business outlook of the Media Solutions business.

(ii) Contract Manufacturing Business

Revenue from CAT for the financial year ending 31 March 2016 may be lower compared to the previous financial year ended 31 March 2015 due to a decrease in demand from end-customers. We remain cautiously optimistic, barring any unforeseen circumstances, the Contract Manufacturing Business will continue to contribute positively to the Group's results for the financial year ending 31 March 2016.

11. Dividends.

Not applicable.

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

No dividend has been declared or recommended.

13. Use of proceeds
a) Proceeds from the Convertible Loan

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

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

Utilisation of Convertible Loan Proceeds

	US$'million
Advance payment for purchase of media video viewership from Publishers in Israel	2.75
Purchase of office equipments and office furniture	0.03
As working capital for the second quarter ended 30 September 2015	
- Distribution expenses	0.29
- Administrative expenses	0.66
- Other operating expenses	0.27
Total Utilised	4.00

b) Proceeds from the Bonds

S$3.2 million of the Bond was subscribed on 22 September 2015 pursuant to the Subscription Agreement.

As at 30 September 2015, the Bond proceeds of S$3.2 million have not been utilised.

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

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

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

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

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

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

BY ORDER OF THE BOARD

Philip Soh
Non-Executive Chairman
12 November 2015

Kenneth Goh
Executive Director and Chief Executive Officer