



Company Registration No. 200407031R

ARTIVISION TECHNOLOGIES LTD.

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 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			9 Months		
	1 Oct 2015 to 31 Dec 2015	1 Oct 2014 to 31 Dec 2014	+/-	1 Apr 2015 to 31 Dec 2015	1 Apr 2014 to 31 Dec 2014	+/-
	(Unaudited) S\$'000	(Unaudited) S\$'000	%	(Unaudited) S\$'000	(Unaudited) S\$'000	%
Revenue	3,249	2,008	62	7,525	6,033	25
Cost of sales	(2,527)	(1,185)	113	(5,940)	(3,721)	60
Gross profit	722	823	(12)	1,585	2,312	(31)
Gross profit margin	22%	41%		21%	38%	
Other (expenses)/income - net	(942)	8	N.M.	(2,064)	38	N.M.
Other gain - net	789	59	N.M.	2,787	127	N.M.
Distribution expenses	(660)	(324)	104	(1,426)	(666)	114
Administrative expenses	(1,780)	(929)	91	(3,953)	(2,854)	39
Other operating expenses (including research and development expenses)	(679)	(386)	76	(1,890)	(1,197)	58
Loss before income tax	(2,550)	(749)	240	(4,961)	(2,240)	121
Income tax credit	-	9	N.M.	-	-	-
Net loss for the period	(2,550)	(740)	245	(4,961)	(2,240)	121
Other comprehensive loss:						
Item that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation – (Losses)/Gains	(6)	59	N.M.	(313)	45	N.M.
Total comprehensive loss	(2,556)	(681)	275	(5,274)	(2,195)	140

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			9 Months		
	1 Oct 2015 to 31 Dec 2015	1 Oct 2014 to 31 Dec 2014	+/-	1 Apr 2015 to 31 Dec 2015	1 Apr 2014 to 31 Dec 2014	+/-
	(Unaudited) S\$'000	(Unaudited) S\$'000	%	(Unaudited) S\$'000	(Unaudited) S\$'000	%
Depreciation of property, plant and equipment	(164)	(150)	9	(491)	(400)	23
Amortisation of intangible assets	(68)	(63)	8	(197)	(188)	5
Allowance for inventories obsolescence	(12)	-	N.M.	(14)	-	N.M.
Gain on disposal of property, plant and equipment	2	-	N.M.	1	-	N.M.
<u>Other (expenses)/income – net</u>						
Interest income from bank and fixed deposits	3	4	(25)	5	13	(62)
Interest expenses on convertible loan	(602)	-	N.M.	(1,696)	-	N.M.
Interest expenses on bonds	(379)	-	N.M.	(415)	-	N.M.
Other operating income	36	4	N.M.	42	25	68
	(942)	8	N.M.	(2,064)	38	N.M.
<u>Other gains – net</u>						
Fair value changes on financial derivative instruments	781	-	N.M.	2,781	-	N.M.
Foreign exchange gains - net	8	59	(86)	6	127	(95)
	789	59	N.M.	2,787	127	N.M.

N.M. – not meaningful

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	
	31 Dec 2015 (Unaudited) S\$'000	31 Mar 2015 (Audited) S\$'000	31 Dec 2015 (Unaudited) S\$'000	31 Mar 2015 (Audited) S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	7,605	1,945	3,359	1,268
Available-for-sale financial asset	613	613	613	613
Trade and other receivables	2,071	874	4,493	4,226
Other current assets	3,292	734	112	105
Inventories	212	447	-	11
	13,793	4,613	8,577	6,223
Non-current assets				
Other receivables	-	-	10,116	-
Available-for-sale financial asset	_*	_*	_*	_*
Investments in subsidiaries	-	-	1,316	1,316
Investment in a joint venture	-	-	-	-
Property, plant and equipment	3,356	3,995	10	28
Intangible assets	772	927	3	-
	4,128	4,922	11,445	1,344
Total assets	17,921	9,535	20,022	7,567
LIABILITIES				
Current liability				
Trade payables and other liabilities	1,885	1,119	627	367
Derivative financial instruments	1,427	-	1,427	-
Convertible loan	3,656	-	3,656	-
Bonds payable	7,029	-	7,029	-
	13,997	1,119	12,739	367
Non-current liabilities				
Loans from shareholder	2,750	2,750	2,750	2,750
Total liabilities	16,747	3,869	15,489	3,117
NET ASSETS	1,174	5,666	4,533	4,450
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	51,402	50,731	51,402	50,731
Other reserves	2,416	2,618	2,653	2,542
Accumulated losses	(52,644)	(47,683)	(49,522)	(48,823)
Total equity	1,174	5,666	4,533	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 31 Dec 2015		As at 31 Mar 2015	
	(Unaudited)		(Audited)	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Convertible loan	-	3,656	-	-
Bonds payable	-	7,029	-	-

Amount repayable after one (1) year

	As at 31 Dec 2015		As at 31 Mar 2015	
	(Unaudited)		(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 is 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 shares (the "**Conversion Shares**") in the Company at a conversion price of US\$0.0942 per Conversion Share between 17 April 2015 and 16 April 2017.

Bonds payable refer to bonds comprising the following:

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

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 31 Dec 2015 (Unaudited) S\$'000	3 months ended 31 Dec 2014 (Unaudited) S\$'000	9 months ended 31 Dec 2015 (Unaudited) S\$'000	9 months ended 31 Dec 2014 (Unaudited) S\$'000
Cash flows from operating activities				
Net loss	(2,550)	(740)	(4,961)	(2,240)
Adjustments for				
- Income tax credit	-	(9)	-	-
- Amortisation of intangible assets	68	63	197	188
- Depreciation of property, plant and equipment	164	150	491	400
- Unrealised currency translation losses	(56)	4	292	8
- Interest income	(3)	(4)	(5)	(13)
- Interest expense on convertible loan	602	-	1,696	-
- Interest expense on bond	379	-	415	-
- Fair value changes on derivative financial instruments	(781)	-	(2,781)	-
- Gain on disposal of property, plant and equipment	(2)	-	(1)	-
- Allowance for inventories obsolescence	12	-	14	-
- Share-based compensation expenses	659	98	782	342
	(1,508)	(438)	(3,861)	(1,315)
Change in working capital:				
- Inventories	42	84	192	74
- Trade and other receivables	(747)	(132)	(1,253)	(261)
- Other current assets	129	48	(2,455)	90
- Trade payables and other liabilities	326	(576)	507	(343)
Cash used in operations	(1,758)	(1,014)	(6,870)	(1,755)
Interest received	3	4	5	13
Income tax refund/(paid)	4	(1)	4	(5)
Net cash used in operating activities	(1,751)	(1,011)	(6,861)	(1,747)
Cash flows used in investing activities				
Additions to property, plant and equipment	(46)	(282)	(142)	(1,189)
Additions to intangible assets	(32)	-	(44)	-
Sales proceeds on disposal of property, plant and equipment	(-*)	-	-*	-
Net cash used in investing activities	(78)	(282)	(186)	(1,189)
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	4,500	-	7,700	-
Proceeds from exercise of share options	-	-	-	4
Interest paid	(413)	-	(413)	-
Share issue expenses	-	-	-	(315)
Loans to a joint venture	-	(200)	-	(200)
Proceeds from convertible loan	-	-	5,386	-
Net cash from/(used in) financing activities	4,087	(200)	12,673	2,792
Net increase/(decrease) in cash and cash equivalents	2,258	(1,493)	5,626	(144)
Cash and cash equivalents				
Beginning of financial year	5,321	4,275	1,945	2,931
Effects of currency translation on cash and cash equivalents	26	(6)	34	(11)
End of financial period	7,605	2,776	7,605	2,776

* 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	-	45	-	-	(2,240)	(2,195)
Value of employee services received for issue of share options	-	-	342	-	-	342
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 31 December 2014	50,731	33	2,452	-*	(44,323)	8,893
(Unaudited)						
Balance as at 1 April 2015	50,731	76	2,542	-*	(47,683)	5,666
Total comprehensive loss for the period	-	(313)	-	-	(4,961)	(5,274)
Value of employee services received for issue of share options and share awards	-	-	782	-	-	782
Issue of new shares pursuant to employee share award scheme	671	-	(671)	-	-	-
Balance as at 31 December 2015	51,402	(237)	2,653	-*	(52,644)	1,174

* 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 S\$'000	Share-based compensation reserve S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
(Unaudited)					
Balance as at 1 April 2014	45,964	2,112	-*	(37,440)	10,636
Total comprehensive loss for the period	-	-	-	(1,133)	(1,133)
Value of employee services received for issue of share options	-	342	-	-	342
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 31 December 2014	50,731	2,452	-*	(38,573)	14,610
(Unaudited)					
Balance as at 1 April 2015	50,731	2,542	-*	(48,823)	4,450
Total comprehensive loss for the period	-	-	-	(699)	(699)
Value of employee services received for issue of share options and share awards	-	782	-	-	782
Issue of new shares pursuant to employee share award scheme	671	(671)	-	-	-
Balance as at 31 December 2015	51,402	2,653	-*	(49,522)	4,533

* 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 October 2015	888,427,918	50,731
Issuance of new share pursuant to the employee share award scheme	11,200,000	671
Balance at 31 December 2015	899,627,918	51,402

The total number of shares in the capital of the Company ("**Shares**") that may be issued on conversion of all the outstanding convertibles of the Company as at 31 December 2015 was 203,077,267 (31 December 2014: 78,433,000), comprising the following:-

(a) Employee share options and employee share awards

As at 31 December 2015, the total number of outstanding employee share options and employee share awards were 40,333,000 and 35,300,000 respectively (31 December 2014: 42,733,000 and NIL respectively).

(b) 2013 Call Option Shares

On 28 September 2013, the Company entered into subscription agreements ("**2013 Subscription Agreements**") to allot and issue 35,700,000 new Shares at a price of S\$0.12222 per Share (the "**2013 Placement**") to provide funds for the settlement of all unpaid construction costs for Colibri Assembly (Thailand) Co., Ltd's existing factory in Thailand and the balance thereof for its working capital. The 2013 Placement was completed on 16 October 2013. Pursuant to the 2013 Subscription Agreements, the Company had granted options to each subscriber to subscribe an aggregate of 35,700,000 additional Shares ("**2013 Call Option Shares**") at S\$0.12222 for each 2013 Call 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 was exercised and the 2013 Call Options expired on the same date.

(c) Conversion Shares and APRIL Option Shares

On 17 April 2015, the Company entered into a convertible loan agreement (the "**Loan Agreement**") with NCL Housing Pte. Ltd. (the "**Lender**"), pursuant to which the Lender agreed to grant the Company loans of up to US\$4,000,000 in principal amount (the "**Convertible Loan**"), convertible into such number of new Shares (the "**Convertible Shares**") at a conversion price of US\$0.0942 for each Conversion Share. The Convertible Loan was fully drawn down in April 2015. Pursuant to the Loan Agreement, the Company has granted the Lender the right to subscribe for such number of new Shares (the "**APRIL Option Shares**") at an exercise price of US\$0.0942 for each APRIL Option Share, subject to a maximum subscription amount of approximately US\$2,000,000 (the "**APRIL Options**"). As at 31 December 2015, none of the APRIL Call Options was exercised. The APRIL Options will expire on 16 April 2017.

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

(d) SEPTEMBER Option Shares

On 22 September 2015, the Company entered into a subscription agreement (the “**SEPTEMBER Subscription Agreement**”) with Mr Ho Kok Fi John (the “**First Subscriber**”) and Mr Lim Chye Huat @ Bobby Lim Chye Huat (the “**Second Subscriber**”) (together, the “**SEPTEMBER Subscribers**”), pursuant to which the SEPTEMBER Subscribers agreed to subscribe for bonds in aggregate principal amount of S\$4.0 million to be issued by the Company (“**SEPTEMBER Bonds**”) at a subscription price of 80% of the principal amount of the SEPTEMBER Bonds (“**SEPTEMBER Issuance of Bonds**”). In connection with the SEPTEMBER Issuance of Bonds, the Company had, on the same day, entered into an option deed with the SEPTEMBER Subscribers, pursuant to which the Company granted the SEPTEMBER Subscribers a total of 30,000,000 share options (“**SEPTEMBER Options**”) (of which 22,500,000 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 Share (“**SEPTEMBER Option Share**”) at the exercise price of S\$0.10 for each SEPTEMBER Option Share. As at 31 December 2015, none of the SEPTEMBER Options was exercised. The SEPTEMBER Options will expire on 21 September 2017.

(e) DECEMBER Option Shares

On 31 December 2015, the Company entered into a subscription agreement (the “**DECEMBER Subscription Agreement**”) with Mr Low See Ching (“**Mr Low**”) and Ms Poh Chew Hua Christine (“**Ms Poh**”) (together, the “**DECEMBER Subscribers**”), pursuant to which the DECEMBER Subscribers agreed to subscribe for bonds in aggregate principal amount of S\$4.5 million to be issued by the Company (“**DECEMBER Bonds**”) at a subscription price of 100% of the principal amount of the Bonds (“**DECEMBER Issuance of Bonds**”). In connection with the DECEMBER Issuance of Bonds, the Company had, on the same day, entered into an option deed (the “**DECEMBER Option Deed**”) with the DECEMBER Subscribers, pursuant to which the Company granted the DECEMBER Subscribers a total of 33,750,000 share options (“**DECEMBER Options**”) (of which 18,750,000 options were granted to Mr Low and 15,000,000 options to Ms Poh, with each Option carrying the right to subscribe for one new Share (“**DECEMBER Option Share**”) at the exercise price of S\$0.10 for each DECEMBER Option Share. As at 31 December 2015, none of the DECEMBER Options was exercised. The DECEMBER Options will expire on 30 December 2017.

The Company did not have any treasury shares as at 31 December 2015 and 31 December 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 31 December 2015	As at 31 March 2015
Number of issued shares	899,627,918	888,427,918

The Company did not have any treasury shares as at 31 December 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		9 Months	
	1 Oct 2015 to 31 Dec 2015	1 Oct 2014 to 31 Dec 2014	1 Apr 2015 to 31 Dec 2015	1 Apr 2014 to 31 Dec 2014
Net loss attributable to equity holders of the Company (S\$'000)	2,550	740	4,961	2,240
Weighted average number of ordinary shares outstanding to compute basic loss per share	892,688,788	888,427,918	889,853,373	869,016,993
Basic loss per share (S\$ cents)	0.29	0.08	0.56	0.26

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

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

The Company had four categories of potentially dilutive ordinary shares, namely share options, share awards, convertible loan and call options as at 31 December 2015 (31 December 2014: One category of potentially dilutive ordinary shares, namely share options).

For share options and share awards, 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.

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

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

	3 Months		9 Months	
	1 Oct 2015 to 31 Dec 2015	1 Oct 2014 to 31 Dec 2014	1 Apr 2015 to 31 Dec 2015	1 Apr 2014 to 31 Dec 2014
Net loss used to determine diluted loss per share (\$\$'000)	2,550	740	4,961	2,240
Weighted average number of ordinary shares outstanding for basic loss per share	892,688,788	888,427,918	889,853,373	869,016,993
Adjustment for				
- Share options	2,289,345	3,300,475	2,941,516	3,787,447
- Share awards	15,091,848	-	5,048,909	-
	910,069,981[^]	891,728,393[^]	897,843,798[^]	872,804,440[^]

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 December 2015	As at 31 December 2014
20 July 2010	Expired	720,000
23 June 2011	8,990,000	8,990,000
23 December 2011	4,563,000	4,563,000
22 August 2012	6,620,000	7,020,000
28 September 2013	Expired	35,700,000
22 April 2014	8,955,000	Nil
17 April 2015	63,694,267	Not Applicable
22 September 2015	30,000,000	Not Applicable
31 December 2015	33,750,000	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 892,688,788 shares (31 December 2014: 888,427,918) for the 3 months ended 31 December 2015 and 889,853,373 shares (31 December 2014: 869,016,993) for the 9 months ended 31 December 2014 as the Group had incurred losses.

	3 Months		9 Months	
	1 Oct 2015 to 31 Dec 2015	1 Oct 2014 to 31 Dec 2014	1 Apr 2015 to 31 Dec 2015	1 Apr 2014 to 31 Dec 2014
Diluted loss per share (\$\$ cents)	0.29	0.08	0.56	0.26

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 31 December 2015	As at 31 March 2015	As at 31 December 2015	As at 31 March 2015
Net asset value per ordinary share (\$\$ cents)	0.13	0.64	0.50	0.50

Net asset value per ordinary share is calculated based on 899,627,918 shares in issue as at 31 December 2015 (888,427,918 shares in issue as at 31 March 2015).

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

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

GROUP FINANCIAL PERFORMANCE

Consolidated Statement of Comprehensive Income

Revenue for the nine months ended 31 December 2015 ("FP 2016") increased to S\$7.53 million from S\$6.03 million for the previous corresponding nine months ended 31 December 2014 ("FP 2015"). This was driven mainly by the Group's Media Solutions business, where revenue rose to S\$1.56 million in FP 2016 from S\$0.02 million in FP 2015. The Media Solutions business accounted for approximately 21% of the Group's total revenue for FP 2016, up from a corresponding 0.4% share of the Group's total revenue for FP 2015.

The Group's Contract Manufacturing subsidiary, Colibri Assembly (Thailand) Co., Ltd ("CAT"), generated S\$5.96 million, accounting for 79% of the Group's total revenue for FP 2016, as compared to a revenue contributed by CAT of S\$5.99 million for FP 2015.

The Group recorded a fair-value gain of S\$2.78 million (recorded as "other gain") on derivative financial instruments for FP 2016, arising from foreign currency convertible loan and bonds, partially offset by a decrease in foreign exchange gains of S\$6K in FP 2016 as compared to foreign exchange gains of S\$0.13 million in FP 2015.

The Group incurred other net expenses of S\$2.06 million in FP 2016 as compared to net income of S\$38K in FP 2015. This was mainly due to interest expenses from the Convertible Loan of S\$1.70 million, interest expenses from the SEPTEMBER Bonds of S\$0.42 million, and a decrease in interest income from bank deposits of S\$8K in FP 2016, but partially offset by higher operating income of S\$17K due to a write-off of unclaimed revenue on machines sold to a customer in the Group's Security business.

The aggregate distribution, administrative and other operating expenses for FP 2016 increased by S\$2.55 million compared to FP 2015. This was mainly due to the increases in:

1. overall payroll of S\$1.37 million mainly due to an increase in headcount resulting from increased activities for both the Contract Manufacturing business and Media Solutions business;
2. professional fees of approximately S\$0.35 million mainly relating to legal fees and software sub-contractors for the Media Solutions business;
3. share-based compensation expenses of S\$0.44 million due to the grant of shares under the Artivision Share Award Scheme on 13 November 2015 and 18 December 2015;
4. advertising, marketing and media promotion expenses of approximately S\$0.28 million to kick start the Media Solutions business; and

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)

- 5. overall operating expenses such as rental, utilities, office supplies, and depreciation and amortisation expenses of approximately of S\$0.11 million.

Gross profit margin declined to 21% in FP 2016 from 38% in FP 2015, due mainly to the following:

- 1. loss of S\$0.46 million incurred in the Media Solutions business;
- 2. higher unabsorbed fixed manufacturing overheads at CAT, including depreciation and direct labour; and
- 3. change in the Group's revenue mix, with the Media Solutions business accounting for 21% of the Group's total revenue compared to 0.4% in FP 2015.

Due to the factors above, the Group incurred a net loss of S\$4.96 million in FP 2016, as compared to a net loss of S\$2.24 million in FP 2015.

Statement of Financial Position

Current assets increased from S\$4.61 million as at 31 March 2015 to S\$13.79 million as at 31 December 2015, mainly due to an increase in cash and cash equivalents of S\$5.66 million, trade and other receivables of S\$1.20 million and other current assets of S\$2.56 million. This was partially offset by a decrease in inventories of S\$0.24 million.

Cash and cash equivalents increased from S\$1.95 million as at 31 March 2015 to S\$7.61 million as at 31 December 2015. This was mainly due to proceeds received from Convertible Loan, the SEPTEMBER Bonds and the DECEMBER Bonds.

The increase was partially offset by an advance payment for purchase of media video viewership from publishers in Israel and funds used for working capital.

Trade and other receivables increased from S\$0.87 million as at 31 March 2015 to S\$2.07 million as at 31 December 2015, mainly due to an increase in trade receivables of S\$1.11 million and S\$0.12 million from the Media Solutions business and the Contract Manufacturing business respectively. The increase in trade receivables for Media Solutions business was in line with the increase in revenue for the Media Solutions business. The increase was partially offset by a decrease in other receivables of S\$0.03 million for the Contract Manufacturing business.

Other current assets increased from S\$0.73 million as at 31 March 2015 to S\$3.29 million as at 31 December 2015, mainly due to an increase in prepayments of S\$2.54 million from the Media Solutions business as advance payment to publishers for the purchase of media video viewership.

Inventories decreased from S\$0.45 million as at 31 March 2015 to S\$0.21 million as at 31 December 2015.

Non-current assets decreased from S\$4.92 million as at 31 March 2015 to S\$4.13 million as at 31 December 2015, mainly due to a decrease in property, plant and equipment of S\$0.64 million and intangible assets of S\$0.16 million.

Property, plant and equipment decreased from S\$4.00 million as at 31 March 2015 to S\$3.36 million as at 31 December 2015, mainly due to depreciation charges of S\$0.49 million, which was partially offset by the addition of office equipment and furniture and fittings by CAT and Artimedia Technologies Ltd. ("Artimedia"). Intangible assets decreased from S\$0.93 million as at 31 March 2015 to S\$0.77 million as at 31 December 2015, mainly due to amortisation charges of S\$0.20 million, which was partially offset by the addition of computer software by Artimedia.

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)

Current liabilities increased from S\$1.12 million as at 31 March 2015 to S\$14.00 million as at 31 December 2015, mainly due to an increase in trade payables and accruals of S\$0.77 million, a convertible loan of S\$3.66 million, bonds payable of S\$7.03 million and derivative financial instruments of S\$1.43 million. Trade payables and accruals increased from S\$1.12 million as at 31 March 2015 to S\$1.89 million as at 31 December 2015, mainly due to an increase in trade payables and accruals for Media Solutions business.

The Convertible Loan of S\$3.66 million and its corresponding derivative financial instruments of S\$0.79 million, which are embedded in the Convertible Shares and APRIL Option Shares, are accounted for in the Group's current liabilities. Pursuant to the Loan Agreement, the Lender is able to convert the Convertible Loan into Convertible Shares once the Convertible Loan has been fully drawn down till the maturity date on 16 April 2017 and the Lender has the right to subscribe for APRIL Option Shares before the maturity date on or before 16 April 2017.

Bonds payable of S\$7.03 million and their corresponding derivative financial instruments of S\$0.64 million are option shares and recorded as current liabilities. Pursuant to the subscription agreements, the subscribers of SEPTEMBER Bonds and DECEMBER Bonds have the right to subscribe for the option shares before the maturity dates on 21 September 2017 and 30 December 2017 respectively.

Non-current liabilities remained unchanged at S\$2.75 million as at 31 March 2015 and 31 December 2015.

The Group had net current liabilities of S\$0.02 million, mainly due to the Convertible Loan of S\$3.66 million and its corresponding derivative financial instruments of S\$0.79 million repayable after 12 months on 16 April 2017 were classified as current liabilities because the Lender has the right to convert the Convertible Loan and its corresponding derivative financial instruments into new shares of the Company any time before the maturity date on or before 16 April 2017. If we assume that the Convertible Loan is not converted and shall be repaid on the maturity date, the Group will have net current assets of S\$4.43 million.

Total equity decreased from S\$5.67 million as at 31 March 2015 to S\$1.17 million as at 31 December 2015, mainly due to higher accumulated losses recorded in FP 2016.

Consolidated Statement of Cash Flows

Net cash used in operating activities for FP 2016 was S\$6.86 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 the Media Solutions business. Net cash used in investing activities for FP 2016 was S\$0.19 million due to the addition of property, plant and equipment and intangible assets for CAT and Artimedia. Net cash from financing activities for FP 2016 was S\$12.67 million mainly due to the proceeds from the Convertible Loan, the SEPTEMBER Bonds and the DECEMBER Bonds.

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

The Group, through Artimedia, has been making significant inroads into the online video advertising market in Israel with its unique placement technology, which serves advertisements (“ads”) to viewers of online videos based on their behavioural profile and Internet-usage habits. This customised approach enables advertisers to reach their target audience more effectively, and does not disrupt the Internet user’s viewing experience in any way. For online publishers, Artimedia’s technology enables them to monetise their existing video inventories and increase ads revenue at no extra costs.

Artimedia has contracts with a number of leading publishers and advertisers to deploy its technology in Israel, including Procter & Gamble’s exclusive media buyer in that market. The contracts, signed in 2015, grant advertisers access to online video viewership acquired by Artimedia from these publishers. Artimedia completed most of the integration with the publishers in November 2015.

As seen in its financial results for FP 2016, the Group has generated notably higher revenue from its Media Solutions business as compared to FP 2015. Barring any unforeseen circumstances, revenue from this business is expected to increase further in the quarters ahead as Artimedia continues to make progress in Israel. The Group is also exploring opportunity to deploy the technology in other markets.

(ii) Contract Manufacturing Business

CAT, which the Group acquired in December 2013, is cashflow-positive and will continue to account for a substantial portion of the Group’s revenue in the quarters ahead. The Group will focus on improving operational efficiencies at CAT in order to contain costs.

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 SEPTEMBER Bonds

Net proceeds from the SEPTEMBER Bond (which was subscribed on 22 September 2015) amounting to approximately S\$3.2 million (“**SEPTEMBER Bonds Proceeds**”).

As at 31 December 2015, the SEPTEMBER Bonds proceeds have been partially utilised as follows:

	S\$'million
Advance payment for purchase of media video viewership from Publisher in Israel	0.42
Purchase of media video viewership from Publishers in Israel	0.18
Working capital for FP 2016	
- Distribution expenses	0.58
- Administrative expenses	0.91
- Other operating expenses	0.56
Total utilised	<u>2.65</u>
Balance unutilised	<u>0.55</u>

13. Use of proceeds (continued)

b) Proceeds from the DECEMBER Bonds

Net proceeds from the DECEMBER Bond (which was subscribed on 31 December 2015 pursuant to the DECEMBER Subscription Agreement) amounting to approximately S\$4.5 million.

As announced by the Company on 4 January 2016, the Company had utilised approximately S\$2.41 million of the DECEMBER Bonds Proceeds for an advance payment for the purchase of media video viewership by Artimedia.

The Company will make periodic announcements on the utilisation of the balance of the net proceeds of approximately S\$2.09 million and in the event the DECEMBER Options are exercised by the DECEMBER Subscribers, the net proceeds from the exercise of the DECEMBER Options, as and when they are materially disbursed and provide a status report on the use of proceeds in the Company's annual report.

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 third quarter ended 31 December 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 7H) 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 February 2016

Kenneth Goh
Executive Director and Chief Executive Officer