Company Registration No. 200407031R

ARTIVISION TECHNOLOGIES LTD.

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. 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 2016 to 30 Sep 2016	1 Jul 2015 to 30 Sep 2015	+/-	1 Apr 2016 to 30 Sep 2016	1 Apr 2015 to 30 Sep 2015	+/-
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	6,062	2,533	139	10,391	4,276	143
Cost of sales	(4,991)	(1,962)	154	(8,575)	(3,413)	151
Gross profit	1,071	571	88	1,816	863	110
Gross profit margin	18%	23%		17%	20%	
Other gains - net	159	1,930	(92)	159	2,006	(92)
Expenses						
- Distribution	(404)	(417)	(3)	(1,003)	(766)	31
- Administrative	(2,516)	(1,730)	45	(4,936)	(3,384)	46
- Finance	(1,188)	(964)	23	(2,396)	(1,130)	112
Loss before income tax	(2,878)	(610)	372	(6,360)	(2,411)	164
Income tax expense	-	-	-	-	-	-
Net loss for the period	(2,878)	(610)	372	(6,360)	(2,411)	164
Other comprehensive loss:						
Item that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation	(293)	(121)	142	(104)	(307)	(66)
Total comprehensive loss	(3,171)	(731)	334	(6,464)	(2,718)	138

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 2016 to 30 Sep 2016	1 Jul 2015 to 30 Sep 2015	+/-	1 Apr 2016 to 30 Sep 2016	1 Apr 2015 to 30 Sep 2015	+/-
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	S$'000	S$'000	%	S$'000	S$'000	%
Depreciation of property, plant and equipment	(155)	(165)	(6)	(309)	(327)	(6)
Amortisation of intangible assets	(67)	(65)	3	(134)	(129)	4
Allowance for inventories obsolescence	-	(-*)	N.M.	-	(2)	N.M.
Loss on disposal of property, plant and equipment	(-*)	(1)	N.M.	(3)	(-*)	N.M.
Other gains/(losses) – net						
Currency translation gains/(losses) - net	720	(73)	N.M.	406	(2)	N.M.
Fair value changes on derivative financial instruments	20	2,000	(99)	314	2,000	(84)
Interest income from bank and fixed deposits	5	-*	N.M.	12	2	500
Impairment loss on available-for-sale financial asset	(613)	-	N.M.	(613)	-	N.M.
Others	27	3	800	40	6	567
	(159)	1,930	N.M.	159	2,006	(92)
Finance expenses						
Interest expense on convertible loan	(579)	(928)	(38)	(1,152)	(1,094)	5
Interest expense on bonds	(609)	(36)	1,592	(1,244)	(36)	3,356
	(1,188)	(964)	23	(2,396)	(1,130)	112

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

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

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30 Sep 2016 (Unaudited) S$'000	31 Mar 2016 (Audited) S$'000	30 Sep 2016 (Unaudited) S$'000	31 Mar 2016 (Audited) S$'000
ASSETS				
Current assets				
Cash and cash equivalents	4,760	3,469	779	974
Available-for-sale financial asset	-	613	-	613
Trade and other receivables	11,688	8,242	4,244	4,433
Other current assets	366	394	96	120
Inventories	279	288	-	-
	17,093	**13,006**	**5,119**	**6,140**
Non-current assets				
Other receivables	-	-	18,696	11,986
Available-for-sale financial asset	-*	-*	-*	-*
Investments in subsidiaries	-	-	1,316	1,316
Investment in a joint venture	-	-	-	-
Property, plant and equipment	2,958	3,136	4	9
Intangible assets	575	705	-*	2
	3,533	**3,841**	**20,016**	**13,313**
Total assets	**20,626**	**16,847**	**25,135**	**19,453**
LIABILITIES				
Current liabilities				
Trade payables and other liabilities	5,441	3,609	935	875
Derivative financial instruments	13	327	13	327
Convertible loan	4,648	3,852	4,648	3,852
Bonds payable	4,403	7,496	4,403	7,496
Loans from shareholder	-	2,750	-	2,750
	14,505	**18,034**	**9,999**	**15,300**
Total liabilities	**14,505**	**18,034**	**9,999**	**15,300**
NET ASSETS/(LIABILITIES)	**6,121**	**(1,187)**	**15,136**	**4,153**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	64,338	51,402	64,338	51,402
Other reserves	3,633	2,901	3,927	3,091
Accumulated losses	(61,850)	(55,490)	(53,129)	(50,340)
Total equity	**6,121**	**(1,187)**	**15,136**	**4,153**

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

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

	As at 30 Sep 2016 (Unaudited)		As at 31 Mar 2016 (Audited)	
	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
Amount repayable in one (1) year or less, or on demand				
Loans from shareholder	-	-	-	2,750
Convertible loan	-	4,648	-	3,852
Bonds payable	-	4,403	-	7,496
Amount repayable after one (1) year	-	-	-	-

Details of any collateral

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

Loans from Shareholder

As announced on 18 March 2016, the shareholder, Algotech Holdings Ltd ("**Algotech**"), had agreed that the entire amount of S$2.75 million owing by the Company shall be set off against (i) the entire subscription monies payable by Algotech for an aggregate of 83,208,066 Rights Shares; and (ii) a portion of the subscription monies payable by Mr Soh Sai Kiang Philip for an aggregate of 27,181,666 Rights Shares. The Rights Issue was completed on 17 May 2016, and consequently, the loans from shareholder are fully repaid as at 30 September 2016.

Convertible Loan

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

Bonds Payable

Bonds payable refer to bonds comprising the following:

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 30 Sep 2016 (Unaudited) S$'000	3 months ended 30 Sep 2015 (Unaudited) S$'000	6 months ended 30 Sep 2016 (Unaudited) S$'000	6 months ended 30 Sep 2015 (Unaudited) S$'000
Cash flows from operating activities				
Net loss	(2,878)	(610)	(6,360)	(2,411)
Adjustments for				
- Amortisation of intangible assets	67	65	134	129
- Depreciation of property, plant and equipment	155	165	309	327
- Unrealised currency translation losses	78	331	55	17
- Interest income	(5)	(-*)	(12)	(2)
- Interest expense on convertible loan	579	928	1,152	1,094
- Interest expense on bonds	609	36	1,244	36
- Fair value changes on derivative financial instruments	(20)	(2,000)	(314)	(2,000)
- Impairment loss on available-for-sale financial asset	613	-	613	-
- Loss on disposal of property, plant and equipment	-*	1	3	-*
- Allowance for inventories obsolescence	-	-*	-	2
- Share-based compensation expenses	406	50	836	123
	(396)	(1,034)	(2,340)	(2,685)
Change in working capital:				
- Inventories	67	188	17	150
- Trade and other receivables	(2,975)	38	(3,237)	(506)
- Other current assets	(611)	271	32	(2,584)
- Trade payables and other liabilities	295	104	1,057	181
Cash used in operations	(3,620)	(433)	(4,471)	(5,444)
Interest received	5	-*	12	2
Income tax prepaid	(47)	-	(47)	-
Net cash used in operating activities	(3,662)	(433)	(4,506)	(5,442)
Cash flows used in investing activities				
Additions to property, plant and equipment	(18)	(48)	(4)	(96)
Additions to intangible assets	(-*)	(8)	(57)	(12)
Sales proceeds on disposal of property, plant and equipment	4	(-*)	4	-*
Net cash used in investing activities	(14)	(56)	(57)	(108)
Cash flows from financing activities				
Proceeds from the renounceable and non-underwritten Rights Shares	-	-	10,307	-
Interest paid	-	-	(409)	-
Share issue expenses	(1)	-	(121)	-
Redemption of SEP Bond	(4,000)	-	(4,000)	-
Proceeds from issuance of bonds	-	3,200	-	3,200
Proceeds from convertible loan	-	-	-	5,718
Net cash (used in)/from financing activities	(4,001)	3,200	5,777	8,918
Net (decrease)/increase in cash and cash equivalents	**(7,677)**	**2,711**	**1,214**	**3,368**
Cash and cash equivalents				
Beginning of financial period	12,280	2,596	3,469	1,945
Effects of currency translation on cash and cash equivalents	157	14	77	8
End of financial period	**4,760**	**5,321**	**4,760**	**5,321**

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

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

STATEMENT OF CHANGES IN EQUITY

Group	Share capital	Currency translation reserve	Share-based compensation reserve	Capital reserve	Accumulated losses	Total attributable to equity holders of the Company
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
(Unaudited)						
Balance as at 1 April 2015	50,731	76	2,542	-*	(47,683)	5,666
Loss for the period	-	(307)	-	-	-	(307)
Other comprehensive loss for the period	-	-	-	-	(2,411)	(2,411)
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
(Unaudited)						
Balance as at 1 April 2016	51,402	(190)	3,091	-*	(55,490)	(1,187)
Loss for the period	-	(104)	-	-	-	(104)
Other comprehensive loss for the period	-	-	-	-	(6,360)	(6,360)
Total comprehensive loss for the period	-	(104)	-	-	(6,360)	(6,464)
Value of employee services received for issue of share options and share awards	-	-	836	-	-	836
Renounceable and non-underwritten Rights Issue	13,057	-	-	-	-	13,057
Share issue expenses	(121)	-	-	-	-	(121)
Balance as at 30 September 2016	64,338	(294)	3,927	-*	(61,850)	6,121

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

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

STATEMENT OF CHANGES IN EQUITY

Company	Share capital	Share-based compensation reserve	Capital reserve	Accumulated losses	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000
(Unaudited)					
Balance as at 1 April 2015	50,731	2,542	-*	(48,823)	4,450
Total comprehensive loss for the period	-	-	-	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
(Unaudited)					
Balance as at 1 April 2016	51,402	3,091	-*	(50,340)	4,153
Total comprehensive loss for the period	-	-	-	(2,789)	(2,789)
Value of employee services received for issue of share options and share awards	-	836	-	-	836
Renounceable and non-underwritten Rights Issue	13,057	-	-	-	13,057
Share issue expenses	(121)	-	-	-	(121)
Balance as at 30 September 2016	64,338	3,927	-*	(53,129)	15,136

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

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

	Number of Shares	Share Capital
		S$'000
Issued and fully paid-up ordinary shares		
Balance at 1 July 2016	1,334,830,024	64,339
Share issue expenses	-	(1)
Balance at 30 September 2016	1,334,830,024	64,338

The total number of shares in the capital of the Company ("**Shares**") that may be issued on conversion of all the outstanding convertibles of the Company as at 30 September 2016 was 188,757,267 (30 September 2015: 134,027,267), comprising the following:-

(a) Employee share options and employee share awards

As at 30 September 2016, the total number of outstanding employee share options and employee share awards were 28,213,000 and 33,100,000 respectively (30 September 2015: 40,333,000 and NIL respectively).

(b) Conversion Shares and APRIL Option Shares

On 17 April 2015, the Company entered into a convertible loan agreement (the "**Loan Agreement**") with NCL Housing Pte. Ltd. (the "**Lender**"), pursuant to which the Lender agreed to grant the Company loans of up to US$4.00 million in principal amount (the "**Convertible Loan**"), convertible into 42,462,845 new Shares (the "**Convertible Shares**") at a conversion price of US$0.0942 per Convertible Share at any time after the first drawdown date. The Convertible Loan was fully drawn down in April 2015.

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

Pursuant to the Loan Agreement, the Company has granted the Lender the right to subscribe for 21,231,422 new Shares (the "**APRIL Option Shares**") at an exercise price of US$0.0942 for each APRIL Option Share, subject to a maximum subscription amount of approximately US$2.00 million (the "**APRIL Options**").

As at 30 September 2016, none of the APRIL Options was exercised. The APRIL Options will expire on 16 April 2017.

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

(c) SEPTEMBER Option Shares

On 22 September 2015, the Company entered into a subscription agreement (the "**SEPTEMBER Subscription Agreement**") with Mr Ho Kok Fi John (the "**First Subscriber**") and Mr Lim Chye Huat @ Bobby Lim Chye Huat (the "**Second Subscriber**") (together, the "**SEPTEMBER Subscribers**"), pursuant to which the SEPTEMBER Subscribers agreed to subscribe for bonds in aggregate principal amount of S$4.00 million to be issued by the Company ("**SEPTEMBER Bonds**") at a subscription price of 80% of the principal amount of the SEPTEMBER Bonds ("**SEPTEMBER Issuance of Bonds**"). The SEPTEMBER Bonds are interest-free. On 21 September 2016, the Company redeemed S$4.00 million in aggregate principal amount of the SEPTEMBER Bonds at their principal amount at the redemption date. Following such redemption, the SEPTEMBER Bonds were cancelled and there were no SEPTEMBER Bonds outstanding.

In connection with the SEPTEMBER Issuance of Bonds, the Company had, on the same day, entered into an option deed with the SEPTEMBER Subscribers, pursuant to which the Company granted the SEPTEMBER Subscribers a total of 30,000,000 share options ("**SEPTEMBER Options**") (of which 22,500,000 SEPTEMBER Options were granted to the First Subscriber and 7,500,000 SEPTEMBER Options are granted to the Second Subscriber), with each SEPTEMBER Option carrying the right to subscribe for one new Share ("**SEPTEMBER Option Share**") at the exercise price of S$0.10 for each SEPTEMBER Option Share.

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

(d) DECEMBER Option Shares

On 31 December 2015, the Company entered into a subscription agreement (the "**DECEMBER Subscription Agreement**") with Mr Low See Ching ("**Mr Low**") and Ms Poh Chew Hua Christine ("**Ms Poh**") (together, the "**DECEMBER Subscribers**"), pursuant to which the DECEMBER Subscribers agreed to subscribe for bonds in aggregate principal amount of S$4.50 million to be issued by the Company ("**DECEMBER Bonds**") at a subscription price of 100% of the principal amount of the DECEMBER Bonds ("**DECEMBER Issuance of Bonds**"). The DECEMBER Bonds have an interest rate of 15% per annum, payable when the DECEMBER Bonds mature.

In connection with the DECEMBER Issuance of Bonds, the Company had, on the same day, entered into an option deed with the DECEMBER Subscribers, pursuant to which the Company granted the DECEMBER Subscribers a total of 33,750,000 share options ("**DECEMBER Options**") (of which 18,750,000 DECEMBER Options were granted to Mr Low and 15,000,000 DECEMBER Options were granted to Ms Poh), with each DECEMBER Option carrying the right to subscribe for one new Share ("**DECEMBER Option Share**") at the exercise price of S$0.10 for each DECEMBER Option Share.

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

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

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

	As at 30 September 2016	As at 31 March 2016
Number of issued shares	1,334,830,024	899,627,918

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

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

Not applicable, as the Company did not have any treasury shares as at 30 September 2016.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial reporting period as those applied in the preparation of the audited financial statements for the financial year ended 31 March 2016.

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

Not applicable.

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

(a) <u>Basic loss per share based on the weighted average number of ordinary shares on issue; and</u>
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 2016 to 30 Sep 2016	1 Jul 2015 to 30 Sep 2015	1 Apr 2016 to 30 Sep 2016	1 Apr 2015 to 30 Sep 2015
Net loss attributable to equity holders of the Company (S$'000)	2,878	610	6,360	2,411
Weighted average number of ordinary shares outstanding for basic loss per share	1,334,830,024	888,427,918	1,225,434,959	888,427,918
Basic loss per share (S$ cents)	0.22	0.07	0.52	0.27

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

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

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

The Company had four categories of potentially dilutive ordinary shares, namely share options, share awards, convertible loan and call options as at 30 September 2016 (30 September 2015: three categories of potentially dilutive ordinary shares, namely share options, convertible loan and call options).

For share options, the weighted average number of shares in issue has been adjusted as if all dilutive share options were exercised and when the condition for issuance of share awards is met at the end of reporting date, which was also the end of the vesting period. The number of shares that could have been issued upon the exercise of all dilutive share options, which condition is fulfilled less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net loss.

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

	3 Months		6 Months	
	1 Jul 2016 to 30 Sep 2016	1 Jul 2015 to 30 Sep 2015	1 Apr 2016 to 30 Sep 2016	1 Apr 2015 to 30 Sep 2015
Net loss used to determine diluted loss per share (S$'000)	2,878	610	6,360	2,411
Weighted average number of ordinary shares outstanding for basic loss per share	1,334,830,024	888,427,918	1,225,434,959	888,427,918
Adjustment for				
- Share options	-	2,318,850	-	3,544,031
	1,334,830,024^	890,746,768^	1,225,434,959^	891,971,949^

The convertible loans and the following outstanding share options were excluded from the diluted weighted average number of ordinary share calculation as their effect would have been anti-dilutive due to the fact that the exercise price has been higher than the market price of shares:

Date of grant of options	As at 30 September 2016	As at 30 September 2015
23 June 2011	Expired	8,990,000
23 December 2011	4,563,000	4,563,000
22 August 2012	6,370,000	6,620,000
22 April 2014	17,280,000	NIL
17 April 2015	63,694,267	63,694,267
22 September 2015	30,000,000	30,000,000
31 December 2015	33,750,000	N.A.

^ In the current financial period, although the options granted were dilutive in nature, the diluted loss per share was computed based on the weighted average number of shares of 1,334,830,024 (30 September 2015: 888,427,918) shares for the 3 months ended 30 September 2016 and 1,225,434,959 (30 September 2015: 888,427,918) shares for the 6 months ended 30 September 2016 as the Group had incurred losses.

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

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

	3 Months		6 Months	
	1 Jul 2016 to 30 Sep 2016	1 Jul 2015 to 30 Sep 2015	1 Apr 2016 to 30 Sep 2016	1 Apr 2015 to 30 Sep 2015
Diluted loss per share (S$ cents)	0.22	0.07	0.52	0.27

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 2016	As at 31 March 2016	As at 30 September 2016	As at 31 March 2016
Net asset/(liability) value per ordinary share (S$ cents)	0.46	(0.13)	1.13	0.46

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

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

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

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

GROUP FINANCIAL PERFORMANCE

Consolidated Statement of Comprehensive Income

Revenue for the first six months ended 30 September 2016 ("**1H 2017**") increased to S$10.39 million from S$4.28 million for the previous corresponding period ended 30 September 2015 ("**1H 2016**"). This was driven mainly by the Group's Media Solutions subsidiary, Artimedia Technologies Ltd ("**Artimedia**"), which generated revenue of S$6.79 million in 1H 2017 compared to S$0.54 million in 1H 2016. The Media Solutions business accounted for approximately 65% of the Group's total revenue for 1H 2017, up from a 13% share of the Group's total revenue for 1H 2016.

The Group's Contract Manufacturing subsidiary, Colibri Assembly (Thailand) Co., Ltd ("**CAT**"), generated S$3.60 million in revenue in 1H 2017 compared to S$3.74 million in 1H 2016. CAT accounted for approximately 35% of the Group's total revenue for 1H 2017.

Gross profit increased to S$1.82 million in 1H 2017 from S$0.86 million in 1H 2016 mainly due to the following:

1. gross profit of S$1.25 million from CAT in 1H2017 compared to S$1.04 million in 1H 2016; and
2. gross profit of S$0.56 million in 1H 2017 from Artimedia compared to a gross loss of S$0.17 million in 1H 2016.

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

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

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

Consolidated Statement of Comprehensive Income (continued)

The Group recorded smaller other gains (net) of $0.16 million in 1H 2017, as compared to S$2.00 million in 1H 2016. This was mainly due to the following:

1. smaller fair-value gain on derivative financial instruments arising from a foreign currency convertible loan and bonds, of S$0.31 million in 1H 2017 as compared to S$2.00 million in 1H 2016;

2. impairment loss of S$0.61 million in 1H 2017 (1H 2016: NIL) for an available-for-sale financial asset, namely the Group's investment in equity securities of Nyxio Technologies Corporation ("**Nyxio**"). The impairment was made on the basis that Nyxio's trade prices had been below cost for a prolonged period and that there has been no trading activity since June 2016; and

3. partially offset by foreign exchange gains of S$0.41 million in 1H 2017 as compared to foreign exchange losses of S$0.01 million in 1H 2016. The foreign exchange gains were mainly due to the weakening of the US Dollar against the Israeli Shekel (as Artimedia's funding is in US dollars).

The aggregate distribution, administrative and finance expenses for 1H 2017 rose by S$3.05 million mainly due to increases in:

1. overall payroll costs of S$0.64 million mainly due to an increase in headcount resulting from increased activities for the Media Solutions business;

2. professional fees of approximately S$0.43 million mainly relating to legal fees and software sub-contractors for the Media Solutions business;

3. share-based compensation expenses of S$0.71 million due to the grant of share awards under the Artivision Share Award Scheme on 13 November 2015 and 18 December 2015; and

4. interest expenses of S$1.27 million incurred from the Convertible Loan, SEPTEMBER Bonds and DECEMBER Bonds.

Due to the factors above, the Group incurred a net loss of S$6.36 million in 1H 2017 compared to a net loss of S$2.41 million in 1H 2016.

Statement of Financial Position

Current assets increased to S$17.09 million as at 30 September 2016, from S$13.01 million as at 31 March 2016. This was mainly due to increases of S$1.29 million in cash and cash equivalents and S$3.45 million in trade and other receivables, partially offset by a decline of S$0.61 million in available-for-sale financial asset.

Cash and cash equivalents increased to S$4.76 million as at 30 September 2016 from S$3.47 million as at 31 March 2016. This was mainly attributed to net proceeds of S$10.19 million from the renounceable and non-underwritten Rights Issue completed in May 2016, partially offset by the use of S$4.50 million in funds for the Group's operating activities, redemption of SEPTEMBER Bonds of S$4.00 million and payment of S$0.40 million in interest expenses.

The available-for-sale financial asset is in relation to the Group's investment in Nyxio, and had been fully impaired as at 30 September 2016.

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

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

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

Trade and other receivables rose to S$11.69 million as at 30 September 2016, from S$8.24 million as at 31 March 2016. As at 30 September 2016, trade receivables amounted to S$6.30 million, of which S$5.62 million relates to the Media Solutions business and S$0.68 million relates to the Contract Manufacturing business. The majority of the trade receivables as at 30 September 2016 were not due for payment from customers. As at 30 September 2016, other receivables amounted to S$5.39 million, which included S$5.37 million of advance payments to publishers for the purchase of media video viewership, as compared to S$4.30 million as at 31 March 2016.

Non-current assets declined to S$3.53 million as at 30 September 2016 from S$3.84 million as at 31 March 2016, mainly due to decreases of S$0.18 million in property, plant and equipment and S$0.13 million in intangible assets.

Property, plant and equipment decreased to S$2.96 million as at 30 September 2016 from S$3.14 million as at 31 March 2016, mainly due to depreciation charges of S$0.31 million, partially offset by S$0.13 million of addition of office equipment, furniture and fittings by CAT and Artimedia.

Intangible assets decreased to S$0.57 million as at 30 September 2016 from S$0.70 million as at 31 March 2016, mainly due to amortisation charges of S$0.13 million.

Current liabilities decreased to S$14.51 million as at 30 September 2016 from S$18.03 million as at 31 March 2016. This was mainly due to decreases in bonds payable of S$3.09 million, loans of S$2.75 million from a shareholder and derivative financial instruments of S$0.31 million. The decrease was partially offset by an increase of S$1.83 million in trade payables and accruals, as well as an increase of S$0.80 million in respect of a Convertible Loan due to the amortisation of the interest component of the Convertible Loan and bonds payable.

Trade payables and accruals rose to S$5.44 million as at 30 September 2016 from S$3.61 million as at 31 March 2016. This was mainly due to increases in trade payables and accruals of S$1.40 million for the Media Solutions business (which is in line with the increase in revenue), S$0.21 million for the Contract Manufacturing business and S$0.22 million for other accruals.

The Convertible Loan of S$4.65 million as at 30 September 2016 and its corresponding fair-value derivative financial instruments, which are embedded in the Convertible Shares and APRIL Option Shares, are accounted for in the Group's current liabilities. Pursuant to the Loan Agreement, the Lender is able to convert the Convertible Loan into Convertible Shares once the Convertible Loan has been fully drawn down till the maturity date on 16 April 2017 and the Lender has the right to subscribe for APRIL Option Shares before the maturity date on or before 16 April 2017.

Bonds payable of S$4.40 million as at 30 September 2016 and their corresponding derivative financial instruments of S$0.01 million are option shares and are recorded as current liabilities. Pursuant to the subscription agreements, the subscribers of the SEPTEMBER Bonds and the DECEMBER Bonds have the right to subscribe for the option shares before the respective 21 September 2017 and 30 December 2017 maturity dates. The Company had, on 21 September 2016, redeemed in full the SEPTEMBER Bonds in aggregate principal amount of S$4.00 million at 100% of their principal amount on the redemption date. Following such redemption, the SEPTEMBER Bonds have been cancelled and there will be no outstanding SEPTEMBER Bonds.

The Group had positive equity of S$6.12 million as at 30 September 2016, compared to negative equity of S$1.19 million as at 31 March 2016, mainly due to an increase in share capital arising from the Rights Issue of S$12.94 million. This was partially offset by losses recorded for 1H 2017.

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 Cash Flows

Net cash used in operating activities for 1H 2017 was S$4.51 million, mainly due to losses incurred by the Group. Net cash used in investing activities for 1H 2017 was S$0.06 million due to the addition of property, plant and equipment and intangible assets for CAT and Artimedia. Net cash from financing activities for 1H 2017 was S$5.78 million due to the gross proceeds from the Rights Issue of S$10.31 million, and partially offset by redemption of SEPTEMBER Bonds of S$4.00 million, share issue expenses of S$0.12 million incurred for the Rights Issue and payment of interest of S$0.41 million.

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

Not applicable.

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

The Company is actively exploring all options to raise funds to strengthen its balance sheet. With regards to the DECEMBER Bonds which are due on 30 December 2016, the Company has obtained the agreement of one of the two bond holders for the amount of S$2.00 million (including interest due of S$300,000) (out of the total amount of S$4.50 million) to extend the repayment period from 30 December 2016 up to 30 June 2017 on the same terms (including interest rate of 15% per annum) as per the subscription agreement dated 31 December 2015. The Company had redeemed the SEPTEMBER Bonds of S$4.00 million in September 2016, and is currently working on redeeming the aforementioned DECEMBER Bonds, as well as the repayment of the Convertible Loan of US$4.00 million (which is due on 16 April 2017). The Company will make the necessary announcement(s) as and when there are further developments.

(i) Media Solutions Business

The marked improvement in Artimedia's revenue – from S$0.54 million in 1H 2016 to S$6.79 million in 1H 2017 – reflects the fast-growing acceptance of its digital advertising services in Israel. Artimedia's technology enables advertisements ("**ads**") to be served to viewers of premium-content online videos based on their personal interests and Internet-usage habits. Such targeted advertising significantly increases the likelihood of ads being viewed in their entirety, assuring advertisers that their money is well spent.

The vast majority of the digital publishers in Israel are working with advertisers through Artimedia, which started out more than a year ago buying their video inventories and marketing them to advertisers. As this requires substantial cash, Artimedia will gradually shift to an asset-light business model based on sharing revenue with publishers without having to acquire their video inventories. This will substantially reduce its cashflow requirement and aid the Group's return to profitability.

Artimedia's pilot programme to make its technology available for TV advertising, as announced on 15 April 2016, is making steady progress. The pilot programme will seek to enable brands to synchronise ads across TV, desktop computers and mobile devices in order to reach consumers who are accustomed to using multiple devices at the same time.

(ii) Contract Manufacturing Business

Demand for CAT's hard disk drive manufacturing services remains healthy. CAT is cashflow-positive and is expected to continue to contribute to a significant portion of the Group's revenue.

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

The Company completed a renounceable non-underwritten rights issue ("**Rights Issue**") in May 2016. Net proceeds from the Rights Issue amounted to approximately S$12.94 million ("**Net Proceeds**") have been fully utilised as at the date of this announcement. The following is a summary of the use of the Net Proceeds:

	S$'million
Net Proceeds	**12.94**
Use of Net Proceeds as previously announced[(1)]	
(a) Set off against shareholder's loans owing by the Company	(2.75)
(b) Advance payments to a publisher for purchase of media video viewerships	(2.85)
(c) Payment to publishers for purchase of media video viewerships	(0.17)
(d) Working capital purposes	
- Distribution expenses	(0.13)
- Administrative expenses	(2.13)
(e) Full redemption of the SEPTEMBER Bonds due on 21 September 2016	(4.00)
	0.91
Use of Net Proceeds for working capital purposes	
- Distribution expenses	(0.04)
- Administrative expenses	(0.87)
Balance	-

Note:
(1) As announced by the Company on 16 May 2016, 4 July 2016, 15 July 2016, 29 July 2016 and 21 September 2016.

The aforementioned use of Net Proceeds is in accordance with the Offer Information Statement dated 20 April 2016.

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 2016 to be false or misleading in any material aspect.

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

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

BY ORDER OF THE BOARD

Philip Soh
Non-Executive Chairman
11 November 2016

Kenneth Goh
Executive Director and Chief Executive Officer