



artivision  
technologies

Company Registration No. 200407031R

## ARTIVISION TECHNOLOGIES LTD.

### UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2014

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  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2014**

	3 Months			9 Months		
	1 Oct 2014 to 31 Dec 2014	1 Oct 2013 to 31 Dec 2013	+/-	1 Apr 2014 to 31 Dec 2014	1 Apr 2013 to 31 Dec 2013	+/-
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	2,008	418	380	6,033	438	1277
Cost of sales	(1,185)	(290)	309	(3,721)	(290)	1183
<b>Gross profit</b>	823	128	543	2,312	148	1462
<b>Gross profit - %</b>	41%	31%		38%	34%	
Other income - net	67	14	379	165	11	1400
Distribution expenses	(324)	(201)	61	(666)	(526)	27
Administrative expenses	(929)	(715)	30	(2,854)	(2,080)	37
Other operating expenses (including research and development expense)	(386)	(414)	(7)	(1,197)	(1,346)	(11)
Share of loss of a joint venture	-	(10)	N.M.	-	(371)	N.M.
Loss before income tax	(749)	(1,198)	(38)	(2,240)	(4,164)	(46)
Income tax credit/(expense)	9	(5)	N.M.	-	(14)	N.M.
<b>Net loss for the period</b>	(740)	(1,203)	(38)	(2,240)	(4,178)	(46)
<b>Other comprehensive loss:</b>						
Item that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation - Gains	59	17	247	45	39	15
<b>Total comprehensive loss</b>	(681)	(1,186)	(43)	(2,195)	(4,139)	(47)

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 2014 to 31 Dec 2014	1 Oct 2013 to 31 Dec 2013	+/-	1 Apr 2014 to 31 Dec 2014	1 Apr 2013 to 31 Dec 2013	+/-
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	(150)	(56)	168	(400)	(94)	326
Amortisation of intangible assets	(63)	(22)	186	(188)	(26)	623
Allowance for inventories obsolescence	-	(-)*	-	-	(7)	N.M.
Property, plant and equipment written off	-	-	-	-	(1)	N.M.
<u>Other income – net</u>						
Interest income from bank deposits	4	1	300	13	6	117
Foreign exchange gains - net	59	12	392	127	4	3075
Other operating income	4	1	300	25	1	2400
	67	14	379	165	11	1400

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 AS AT 31 DECEMBER 2014

	Group		Company	
	31 Dec 2014 (Unaudited) S\$'000	31 Mar 2014 (Audited) S\$'000	31 Dec 2014 (Unaudited) S\$'000	31 Mar 2014 (Audited) S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	2,776	2,931	2,212	2,378
Trade and other receivables	1,198	903	11,249	9,186
Other current assets	339	436	109	103
Inventories	228	294	11	11
	<b>4,541</b>	<b>4,564</b>	<b>13,581</b>	<b>11,678</b>
<b>Non-current assets</b>				
Other receivables	200	-	-	-
Available-for-sale financial assets	2,670	2,670	2,670	2,670
Investments in subsidiaries	-	-	1,316	1,316
Investment in a joint venture	_*	_*	-	-
Property, plant and equipment	3,942	3,054	35	55
Intangible assets	961	1,150	-	-
	<b>7,773</b>	<b>6,874</b>	<b>4,021</b>	<b>4,041</b>
<b>Total assets</b>	<b>12,314</b>	<b>11,438</b>	<b>17,602</b>	<b>15,719</b>
<b>LIABILITIES</b>				
<b>Current liability</b>				
Trade payables and other liabilities	671	2,707	242	2,333
<b>Non-current liability</b>				
Loans from shareholder	2,750	2,750	2,750	2,750
<b>Total liabilities</b>	<b>3,421</b>	<b>5,457</b>	<b>2,992</b>	<b>5,083</b>
<b>NET ASSETS</b>	<b>8,893</b>	<b>5,981</b>	<b>14,610</b>	<b>10,636</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	50,731	45,964	50,731	45,964
Other reserves	2,485	2,100	2,452	2,112
Accumulated losses	(44,323)	(42,083)	(38,573)	(37,440)
<b>Total equity</b>	<b>8,893</b>	<b>5,981</b>	<b>14,610</b>	<b>10,636</b>

\* - 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

	<b>As at 31 December 2014</b>		<b>As at 31 March 2014</b>	
	<b>(Unaudited)</b>		<b>(Audited)</b>	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bank borrowings	-	-	-	-
Loans from shareholder	-	-	-	-

Amount repayable after one (1) year

	<b>As at 31 December 2014</b>		<b>As at 31 March 2014</b>	
	<b>(Unaudited)</b>		<b>(Audited)</b>	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bank borrowings	-	-	-	-
Loans from shareholder	-	2,750	-	2,750

**Details of any collateral**

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  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2014**

	3 months ended 31 Dec 2014 S\$'000	3 months ended 31 Dec 2013 S\$'000	9 months ended 31 Dec 2014 S\$'000	9 months ended 31 Dec 2013 S\$'000
<b>Cash flows from operating activities</b>				
Net loss	(740)	(1,203)	(2,240)	(4,178)
Adjustments for				
- Income tax (credit)/expense	(9)	5	-	14
- Amortisation of intangible assets	63	22	188	26
- Depreciation of property, plant and equipment	150	56	400	94
- Unrealised currency translation loss/(gains)	4	(7)	8	(7)
- Interest income	(4)	(1)	(13)	(6)
- Property, plant and equipment written off	-	-	-	1
- Allowance for inventories obsolescence	-	-*	-	7
- Share of loss of a joint venture	-	10	-	371
- Employee share option expenses	98	116	342	453
	(438)	(1,002)	(1,315)	(3,225)
<b>Change in working capital:</b>				
- Inventories	84	(4)	74	(4)
- Trade and other receivables	(132)	(41)	(261)	(34)
- Other current assets	48	(7)	90	112
- Trade payables and other liabilities	(576)	(3,235)	(343)	(3,166)
<b>Cash used in operations</b>	(1,014)	(4,289)	(1,755)	(6,317)
Interest received	4	1	13	9
Income tax (paid)/refund received	(1)	(9)	(5)	12
<b>Net cash used in operating activities</b>	(1,011)	(4,297)	(1,747)	(6,296)
<b>Cash flows used in investing activities</b>				
Additions of property, plant and equipment	(282)	(344)	(1,189)	(432)
<b>Net cash used in investing activities</b>	(282)	(344)	(1,189)	(432)
<b>Cash flows (used in)/from financing activities</b>				
Proceeds from new share options granted	-	-	-*	-
Proceeds from the renounceable and partially underwritten Rights Shares	-	-	3,303	-
Proceeds from share placement	-	4,363	-	4,363
Proceeds from exercise of share options	-	-	4	40
Share issue expenses	-	(107)	(315)	(107)
Loans to a joint venture	(200)	(156)	(200)	(1,204)
Reversal of loan to a company became a subsidiary in the third quarter of FY2014	-	600	-	-
<b>Net cash (used in)/from financing activities</b>	(200)	4,700	2,792	3,092
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,493)</b>	<b>59</b>	<b>(144)</b>	<b>(3,636)</b>
<b>Cash and cash equivalents</b>				
Beginning of financial period	4,275	1,941	2,931	5,624
Cash and cash equivalents on acquisition of subsidiary	-	106	-	106
Effects of currency translation on cash and cash equivalents	(6)	9	(11)	21
<b>End of financial period</b>	<b>2,776</b>	<b>2,115</b>	<b>2,776</b>	<b>2,115</b>

\* 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  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2014/2013**

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
<b>Balance as at 1 April 2013</b>	37,718	(42)	1,567	-*	(36,276)	2,967
Total comprehensive loss for the period	-	39	-	-	(4,178)	(4,139)
Value of employee services received for issue of share options	-	-	453	-	-	453
Issuance of consideration shares for acquisition of a subsidiary **	1,315	-	-	-	-	1,315
Share placement	4,363	-	-	-	-	4,363
Share issue expenses	(107)	-	-	-	-	(107)
Share options exercised	54	-	(14)	-	-	40
<b>Balance as at 31 December 2013</b>	<b>43,343</b>	<b>(3)</b>	<b>2,006</b>	<b>-*</b>	<b>(40,454)</b>	<b>4,892</b>
<b>Balance as at 1 April 2014</b>	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	-	-	-*	-	-	-*
<b>Balance as at 31 December 2014</b>	<b>50,731</b>	<b>33</b>	<b>2,452</b>	<b>-*</b>	<b>(44,323)</b>	<b>8,893</b>

\* Amount less than S\$1,000

\*\* Pursuant to the Singapore Financial Reporting Standards 103, the consideration value is based on the closing market price of the Company's shares as at the completion date of the acquisition of S\$0.09 per share, instead of the issue price of S\$0.13 per share as stated in the sale and purchase agreement.

**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  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2014/2013**

Company	Share capital S\$'000	Share option reserve S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
<b>Balance as at 1 April 2013</b>	37,718	1,567	-*	(34,662)	4,623
Total comprehensive loss for the period	-	-	-	(1,191)	(1,191)
Value of employee services received for issue of share options	-	453	-	-	453
Issuance of consideration shares for acquisition of a subsidiary **	1,315	-	-	-	1,315
Share placement	4,363	-	-	-	4,363
Share issue expenses	(107)	-	-	-	(107)
Share options exercised	54	(14)	-	-	40
<b>Balance as at 31 December 2013</b>	<b>43,343</b>	<b>2,006</b>	<b>-*</b>	<b>(35,853)</b>	<b>9,496</b>
<b>Balance as at 1 April 2014</b>	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	-	-*	-	-	-*
<b>Balance as at 31 December 2014</b>	<b>50,731</b>	<b>2,452</b>	<b>-*</b>	<b>(38,573)</b>	<b>14,610</b>

\* Amount less than S\$1,000

\*\* Pursuant to the Singapore Financial Reporting Standards 103, the consideration value is based on the closing market price of the Company's shares as at the completion date of the acquisition of S\$0.09 per share, instead of the issue price of S\$0.13 per share as stated in the sale and purchase agreement.



**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
<b>Issued and fully paid ordinary shares</b>		
Balance at 1 October 2014	888,427,918	50,731
Changes in issued share capital	-	-
Balance at 31 December 2014	888,427,918	50,731

As at 31 December 2014, the total number of employee share options outstanding was 42,733,000 (31 December 2013: 30,258,000).

On 28 September 2013, the Company entered into subscription agreements with GMCM Asia Alpha Fund, GMCM Asia Special Situation Fund, GMCM Global Equity Opportunity Fund, Ms Lynette Le Mercier, Mr Tan Ah Lye, TAL Capital Pte Ltd, Mr Andrew Ong Hock Sing and Ms Chia Kee Neo Elsie ("Subscribers"), pursuant to which the Company had agreed to grant options to the Subscribers to subscribe for an aggregate of 35,700,000 new ordinary shares in the capital of the Company ("Call Options") at S\$0.12222 per Call Option. As at 31 December 2014, none of the Call Options were exercised and the Call Options will expire on 27 September 2015.

The total number of Call Options outstanding as at 31 December 2014 was 35,700,000 (31 December 2013: 35,700,000).

The Company did not have any treasury shares as at 31 December 2014 and 31 December 2013.

**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.**

The Company has no treasury shares.

	As at 31 December 2014	As at 31 March 2014
<b>Number of issued shares</b>	888,427,918	634,556,192

**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 2014.

**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 2014 to 31 Dec 2014	1 Oct 2013 to 31 Dec 2013	1 Apr 2014 to 31 Dec 2014	1 Apr 2013 to 31 Dec 2013
Net loss attributable to equity holders of the Company (\$'000)	740	1,203	2,240	4,178
Weighted average number of ordinary shares outstanding for basic loss per share	888,427,918	585,133,861	869,016,993	562,978,077
Basic loss per share (cents per share)	0.08	0.21	0.26	0.74

**(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 one category of dilutive potential ordinary shares, which is share options as at 31 December 2014 and 31 March 2014.

For share options, the weighted average number of shares in issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial period) 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:**

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

(continued)

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

	3 Months		9 Months	
	1 Oct 2014 to 31 Dec 2014	1 Oct 2013 to 31 Dec 2013	1 Apr 2014 to 31 Dec 2014	1 Apr 2013 to 31 Dec 2013
Net loss used to determine diluted loss per share (S\$'000)	740	1,203	2,240	4,178
Weighted average number of ordinary shares outstanding for basic loss per share	888,427,918	585,133,861	869,016,993	562,978,077
Adjustment for - Share options	3,300,475	997,455	3,787,447	1,992,464
	891,728,393 <sup>^</sup>	586,131,316 <sup>^</sup>	872,804,440 <sup>^</sup>	564,970,541 <sup>^</sup>

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 2014	As at 31 March 2014
2 July 2009	Nil	4,379,250
20 July 2010	720,000	Nil
22 March 2011	Nil	Nil
23 June 2011	8,990,000	9,080,000
23 December 2011	4,563,000	4,613,000
22 August 2012	7,020,000	7,580,000
28 September 2013	35,700,000	18,094,521
22 April 2014	Nil	Not applicable

<sup>^</sup> 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 (31 December 2013: 585,133,861) for the 3 months ended 31 December 2014 and 869,016,993 shares (31 December 2013: 562,978,077) for the 9 months ended 31 December 2014 as the Group had incurred losses.

	3 Months		9 Months	
	1 Oct 2014 to 31 Dec 2014	1 Oct 2013 to 31 Dec 2013	1 Apr 2014 to 31 Dec 2014	1 Apr 2013 to 31 Dec 2013
Diluted loss per share (cents per share)	0.08	0.21	0.26	0.74

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 2014	As at 31 March 2014	As at 31 December 2014	As at 31 March 2014
Net asset value per ordinary share (S\$ cents)	1.00	0.94	1.64	1.68

Net asset value per ordinary share is calculated based on 888,427,918 shares in issue as at 31 December 2014 (634,556,192 shares in issue as at 31 March 2014).

**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 period ended 31 December 2014 ("FP 2015") increased to S\$6.03 million from S\$0.44 million for the corresponding nine months period ended 31 December 2013 ("FP 2014"). The increase was mainly due to revenue contribution from the Group's contract manufacturing subsidiary, Colibri Assembly (Thailand) Co., Ltd ("CAT"). Revenue in FP 2015 included nine months revenue from CAT, while revenue in FP 2014 included only one month of revenue from CAT as the acquisition of CAT was in December 2013. Revenue from Contract Manufacturing business accounted for approximately 99% of the Group's total revenue in FP 2015. In addition, the Group's Media Solutions business generated revenue of approximately S\$26K in FP 2015 as compared to S\$1K in FP 2014. The increase in costs of sales by S\$3.43 million in FP 2015 was in line with the higher revenue.

Gross profit margin increased to 38% for FP 2015 from 34% for FP 2014, mainly due to higher gross profit margin from the Contract Manufacturing business in FP 2015 derived from economies of scale as revenue increased.

The aggregate of distribution, administrative and other operating expenses for FP 2015 increased by S\$0.77 million as compared to FP 2014. This was mainly due to the following:-

1. Consolidation of CAT's expenses of one month in FP 2014 of S\$118K as compared to nine months of S\$1.11 million in FP 2015 pursuant to the acquisition of CAT in December 2013.
2. Increase in amortisation of intangible assets of S\$162K mainly due to the acquisition of CAT.

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

1. Decrease in legal fees of approximately S\$216K, as there was no legal cost incurred in relation to any acquisition in FP 2015 whereas there was a legal cost incurred on the acquisition CAT in FP 2014;
2. Decrease in share option expenses of approximately S\$110K, as the share options granted by the Group had been fully vested in FY 2014;
3. Decrease in website hosting costs of approximately S\$35K due to the change of hosting service providers that charged at a lower rate; and
4. Office renovation costs for the Singapore new office of approximately S\$28K were incurred in FP 2014 and no such expenses were incurred in FP 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. (continued)**

#### **Statement of Financial Position**

Current assets slightly decreased from S\$4.56 million as at 31 March 2014 to S\$4.54 million as at 31 December 2014, mainly due to a decrease in cash and cash equivalents of S\$0.15 million and decrease in other current assets and inventories of approximately S\$163K. This was partially offset by an increase in trade and other receivables of approximately S\$295K.

Cash and cash equivalents decreased from S\$2.93 million as at 31 March 2014 to S\$2.78 million as at 31 December 2014. This was mainly due to the funds used for the Group's operating activities of S\$1.75 million, purchase of property, plant and equipment of S\$1.19 million and loan to Artimedia (Beijing) Media Co., Limited ("**Artimedia Beijing**"), an affiliated company of Artimedia Pte Ltd of S\$0.2 million. This decrease was partially offset by net proceeds received from the Rights Issue of S\$2.99 million which was completed in April 2014 (excluding the deposit of S\$1.77 million received in March 2014 from the undertaking shareholders pursuant to the Deed of Undertaking relating to the Rights Issue).

Trade and other receivables increased from S\$0.90 million as at 31 March 2014 to S\$1.20 million as at 31 December 2014, mainly due to the increase in trade receivables of S\$0.30 million from the Contract Manufacturing business as a result of higher sales.

Other current assets decreased from S\$0.44 million as at 31 March 2014 to S\$0.34 million as at 31 December 2014, mainly due to the decrease in other assets of CAT by S\$84K and decrease in prepayments and deposits of approximately S\$13K.

Non-current assets increased from S\$6.87 million as at 31 March 2014 to S\$7.77 million as at 31 December 2014, mainly due to an increase in property, plant and equipment and other receivables on the loan to joint venture.

Property, plant and equipment increased from S\$3.05 million as at 31 March 2014 to S\$3.94 million as at 31 December 2014, mainly due to construction of additional clean room by CAT, which was partially offset by the depreciation charges incurred during the period.

Other receivables increased by S\$0.20 million as at 31 December 2014 mainly due to the loan made to Artimedia Beijing, an affiliated company of Artimedia Pte Ltd for working capital purpose.

Current liabilities decreased from S\$2.71 million as at 31 March 2014 to S\$0.67 million as at 31 December 2014. This was mainly due to a decrease in trade payables and other liabilities in relation to a deposit from undertaking shareholders of S\$1.77 million pursuant to the Deed of Undertaking relating to the Rights Issue which was completed in April 2014 and decrease in trade payables and accruals of approximately S\$0.27 million.

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

Total equity increased from S\$5.98 million as at 31 March 2014 to S\$8.89 million as at 31 December 2014, mainly due to an increase in share capital from the Rights Issue of S\$4.76 million, partially offset by an increase in accumulated losses.

**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 FP 2015 was S\$1.75 million, mainly due to losses incurred by the Group. Net cash used in investing activities for FP 2015 was S\$1.19 million, due to the additions of property, plant and equipment for CAT. Net cash from financing activities for FP 2015 was S\$2.79 million due to the proceeds from the Rights Issue of S\$3.30 million that was offset by share issue expenses of S\$0.32 million incurred for the Rights Issue and the loan made to Artimedia Beijing, an affiliated company of Artimedia Pte Ltd as working capital of S\$0.20 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.**

**(i) Media Solutions**

The Group has successfully signed contracts with various publishers in Israel including Globes Publisher Itonut (1983) Ltd, Israel Today Newspaper Ltd., Nrg and Web3 Ltd, enabling advertisers to reach the premium video site, as well as the leading financial, news and lifestyle sites. The advertisers had started campaigns with the publishers using our technologies in January 2015. Barring any unforeseen circumstances, the Group is cautiously optimistic that revenue generated from the Media Solutions Business will have a positive impact to Group's revenue.

**(ii) Contract Manufacturing Business**

The Company has constructed an additional new clean room in the financial period ended 31 December 2014. This is to cater to the increase in demand of our customer's Environmental Control Modules ("ECM") and Absorbent Recirculating Filters ("ARs") products due to cloud computing. The new clean room qualification has been approved by all the end customers in December 2014. Further, we expect to obtain the products qualification from all the end customers by February 2015 to able us to commence commercial production in the new clean room. With such increase in capacity, the Company is expected to meet customer's additional demand. Barring any unforeseen circumstances, we are cautiously optimistic on the positive business outlook of the Contract Manufacturing Business.

**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 from the Rights Issue**

The Company had in April 2014, completed a renounceable and partially underwritten rights issue exercise of 253,822,476 new ordinary shares in the capital of the Company (“Rights Issue”).

As at 31 December 2014, the net proceeds of S\$4.76 million from the Rights Issue have been partially utilised as follows:

Use of Rights Issue Proceeds

	S\$'million
Gross Proceeds	5.08
Less: Rights Issue Expenses	<u>(0.32)</u>
Net Proceeds	<u><u>4.76</u></u>

Utilisation of Rights Issue Proceeds

	S\$'million
As working capital for the nine months ended 31 December 2014	
- Distribution expenses	0.45
- Administrative expenses	1.43
- Other operating expenses	0.71
As working capital to an affiliated company of Artimedia Pte Ltd, Artimedia (Beijing) Media Co., Limited	0.20
Total Used	<u><u>2.79</u></u>

**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 2014 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Philip Soh  
Non-Executive Chairman

Kenneth Goh  
Executive Director and Chief Executive Officer

13 February 2015