



artivision  
technologies

Company Registration No. 200407031R

## **ARTIVISION TECHNOLOGIES LTD.**

### **UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2011**

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's 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.

The contact person for the Sponsor is Mr Alex Tan Tiong Huat, Managing Director, Corporate Finance, Collins Stewart Pte. Limited at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.

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 SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2011**

	3 Months			6 Months		
	1 Jul 2011 to 30 Sep 2011	1 Jul 2010 to 30 Sep 2010	+/-	1 Apr 2011 to 30 Sep 2011	1 Apr 2010 to 30 Sep 2010	+/-
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	56	160	(65)	148	278	(47)
Cost of sales	(42)	(88)	(52)	(99)	(150)	(34)
<b>Gross profit</b>	14	72	(81)	49	128	(62)
Distribution expenses	(304)	(297)	2	(528)	(641)	(18)
Administrative expenses	(517)	(615)	(16)	(988)	(1,222)	(19)
Other operating expenses (including research and development expense)	(486)	(491)	(1)	(963)	(1,094)	(12)
<b>Results from operating activities</b>	(1,293)	(1,331)	(3)	(2,430)	(2,829)	(14)
Finance income	2	10	(80)	2	20	(90)
Finance expenses	-*	(4)	N.M.	(5)	(15)	(67)
<b>Net finance income/(expenses)</b>	2	6	(67)	(3)	5	N.M.
Loss before income tax	(1,291)	(1,325)	(3)	(2,433)	(2,824)	(14)
Income tax expense	(6)	(10)	(40)	(12)	(24)	(50)
<b>Loss for the period</b>	(1,297)	(1,335)	(3)	(2,445)	(2,848)	(14)
<b>Other comprehensive loss:</b>						
Exchange differences on translation of foreign operations	(23)	-	N.M.	(18)	(17)	6
Tax on other comprehensive loss	-	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	(1,320)	(1,335)	(1)	(2,463)	(2,865)	(14)

N/M – not meaningful

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

**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. (cont'd)**

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

	3 Months			6 Months		
	1 Jul 2011 to 30 Sep 2011	1 Jul 2010 to 30 Sep 2010	+/-	1 Apr 2011 to 30 Sep 2011	1 Apr 2010 to 30 Sep 2010	+/-
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of plant and equipments	(55)	(60)	(8)	(115)	(123)	(7)
Amortisation of intangible assets	(4)	(4)	-	(8)	(8)	-
Gain on disposal of plant and equipments	1	-	N.M.	4	-	N.M.
Allowance for inventories obsolescence	(19)	(2)	850	(19)	(2)	850
Impairment in value of investment	-	(1)	N.M.	-	(1)	N.M.
<u>Finance income</u>						
Interest income	2	10	(80)	2	20	(90)
<u>Finance expense</u>						
Net foreign exchange loss	-*	(4)	N.M.	(5)	(15)	(67)

*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 30 SEPTEMBER 2011**

	Group		Company	
	30 Sep 2011 S\$'000	31 Mar 2011 S\$'000	30 Sep 2011 S\$'000	31 Mar 2011 S\$'000
<b>Non-current assets</b>				
Plant and equipment	171	284	73	147
Intangible assets	12	20	4	7
Investment in subsidiaries	-	-	1	1
Other investment	- *	- *	- *	- *
Other receivables	-	4	-	4
	<b>183</b>	<b>308</b>	<b>78</b>	<b>159</b>
<b>Current assets</b>				
Inventories	118	123	118	123
Trade and other receivables	360	413	280	264
Cash and cash equivalents	2,517	873	2,161	574
	<b>2,995</b>	<b>1,409</b>	<b>2,559</b>	<b>961</b>
<b>Total assets</b>	<b>3,178</b>	<b>1,717</b>	<b>2,637</b>	<b>1,120</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	27,910	24,459	27,910	24,459
Reserves	1,122	1,171	1,151	1,110
Accumulated losses	(29,040)	(26,595)	(29,618)	(27,144)
<b>Total equity</b>	<b>(8)</b>	<b>(965)</b>	<b>(557)</b>	<b>(1,575)</b>
<b>Current liabilities</b>				
Trade and other payables	436	682	444	695
<b>Non-current liability</b>				
Loan from shareholder	2,750	2,000	2,750	2,000
<b>Total liabilities</b>	<b>3,186</b>	<b>2,682</b>	<b>3,194</b>	<b>2,695</b>
<b>Total equity and liabilities</b>	<b>3,178</b>	<b>1,717</b>	<b>2,637</b>	<b>1,120</b>

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

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

Amount repayable in one year or less, or on demand

	<b>As at 30 September 2011</b>		<b>As at 31 March 2011</b>	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bank borrowings	-	-	-	-
Loans from shareholder	-	-	-	-

Amount repayable after one year

	<b>As at 30 September 2011</b>		<b>As at 31 March 2011</b>	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bank borrowings	-	-	-	-
Loans from shareholder	-	2,750	-	2,000

**Details of any collateral**

The loans from shareholder are interest-free, unsecured and are repayable at the discretion of the Company.

**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 SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2011**

	<b>Group</b>			
	<b>3 months ended 30 Sep 2011 S\$'000</b>	<b>3 months ended 30 Sep 2010 S\$'000</b>	<b>6 months ended 30 Sep 2011 S\$'000</b>	<b>6 months ended 30 Sep 2010 S\$'000</b>
<b>Cash flows from operating activities</b>				
Loss before income tax	(1,291)	(1,325)	(2,433)	(2,824)
<b>Adjustments for:</b>				
Amortisation of intangible assets	4	4	8	8
Depreciation of plant and equipment	55	60	115	123
Exchange differences	4	-	1	2
Interest income	(2)	(10)	(2)	(20)
Gain on disposal of plant and equipment	(1)	-	(4)	-
Allowance for inventory obsolescence	19	2	19	2
Impairment loss on other investment	-	1	-	1
Value of employee services received for issue of share options	109	192	186	435
	(1,103)	(1,076)	(2,110)	(2,273)
<b>Changes in working capital:</b>				
Inventories	(14)	(10)	(14)	(26)
Trade and other receivables	16	(61)	48	(192)
Trade and other payables	(175)	(43)	(232)	3
<b>Cash used in operations</b>	(1,276)	(1,190)	(2,308)	(2,488)
Interest received	2	1	2	2
Tax paid	(9)	(10)	(23)	(24)
<b>Net cash used in operating activities</b>	(1,283)	(1,199)	(2,329)	(2,510)
<b>Cash flows from investing activities</b>				
Purchase of intangible assets	-	-	-	(1)
Proceeds from sales of plant and equipment	1	-	6	-
Purchase of plant and equipment	(2)	(8)	(7)	(10)
<b>Net cash used in investing activities</b>	(1)	(8)	(1)	(11)
<b>Cash flows from financing activities</b>				
Proceeds from new share options granted	-	-	-*	-
Proceeds from exercise of share options	408	-	750	-
Proceeds of loan from shareholder	-	-	750	2,000
Proceeds from share placement	-	-	2,484	-
<b>Net cash from financing activities</b>	408	-	3,984	2,000
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(876)</b>	<b>(1,207)</b>	<b>1,654</b>	<b>(521)</b>
Cash and cash equivalents at beginning of the period	3,405	4,347	873	3,685
Effect of exchange rates fluctuations on cash and cash equivalents	(12)	(1)	(10)	(25)
<b>Cash and cash equivalents at end of the period</b>	<b>2,517</b>	<b>3,139</b>	<b>2,517</b>	<b>3,139</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 SECOND QUARTER ENDED 30 SEPTEMBER 2011/2010**

Group	Share capital S\$'000	Foreign currency translation reserve S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total attributable to equity holders of the Company S\$'000
<b>At 1 April 2010</b>	24,459	5	368	(20,891)	3,941
<b>Total comprehensive loss for the period</b>					
Loss for the period	-	-	-	(2,848)	(2,848)
<b>Other comprehensive loss</b>					
Exchange differences on translation of foreign operations	-	(17)	-	-	(17)
Total comprehensive loss for the period	-	(17)	-	(2,848)	(2,865)
<b>Transactions with owners, recorded directly in equity</b>					
<u>Contributions by and distributions to owners</u>					
Value of employee services received for issue of share options	-	-	435	-	435
Total contributions by and distributions to owners	-	-	435	-	435
<b>At 30 September 2010</b>	24,459	(12)	803	(23,739)	1,511
<b>At 1 April 2011</b>	24,459	(11)	1,182	(26,595)	(965)
<b>Total comprehensive loss for the period</b>					
Loss for the period	-	-	-	(2,445)	(2,445)
<b>Other comprehensive loss</b>					
Exchange differences on translation of foreign operations	-	(18)	-	-	(18)
Total comprehensive loss for the period	-	(18)	-	(2,445)	(2,463)
<b>Transactions with owners, recorded directly in equity</b>					
<u>Contributions by and distributions to owners</u>					
Value of employee services received for issue of share options	-	-	186	-	186
Issue of new shares	2,484	-	-	-	2,484
Share options exercised	967	-	(217)	-	750
Proceeds from new share options granted	-	-	- *	-	- *
Total contributions by and distributions to owners	3,451	-	(31)	-	3,420
<b>At 30 September 2011</b>	27,910	(29)	1,151	(29,040)	(8)

\* 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. (Cont'd)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2011/2010**

Company	Share capital S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
<b>At 1 April 2010</b>	24,459	368	(21,198)	3,629
<b>Total comprehensive loss for the period</b>				
Loss for the period	-	-	(2,926)	(2,926)
<b>Total comprehensive loss for the period</b>	-	-	(2,926)	(2,926)
<b>Transactions with owners, recorded directly in equity</b>				
<u>Contributions by and distributions to owners</u>				
Value of employee services received for issue of share options	-	435	-	435
Total contributions by and distributions to owners	-	435	-	435
<b>At 30 September 2010</b>	24,459	803	(24,124)	1,138
<b>At 1 April 2011</b>	24,459	1,110	(27,144)	(1,575)
<b>Total comprehensive loss for the period</b>				
Loss for the period	-	-	(2,474)	(2,474)
<b>Total comprehensive loss for the period</b>	-	-	(2,474)	(2,474)
<b>Transactions with owners, recorded directly in equity</b>				
<u>Contributions by and distributions to owners</u>				
Value of employee services received for issue of share options	-	258	-	258
Issue of new shares	2,484	-	-	2,484
Share options exercised	967	(217)	-	750
Proceeds from new share options granted	-	- *	-	- *
Total contributions by and distributions to owners	3,451	41	-	3,492
<b>At 30 September 2011</b>	27,910	1,151	(29,618)	(557)

\* 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.**

	<b>As at 30 September 2011</b>	<b>As at 31 March 2011</b>
<b>Share Capital</b>		
<b>Issued and fully paid ordinary shares</b>		
At the beginning of the period	477,074,124	477,074,124
Issue of new shares	14,705,882	-
Exercise of employee share options	6,287,750	-
<b>At the end of the period/year</b>	<b>498,067,756</b>	<b>477,074,124</b>
<b>Share options outstanding</b>	<b>40,382,932</b>	<b>39,283,416</b>

**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.

	<b>As at 30 September 2011</b>	<b>As at 31 March 2011</b>
<b>Total issued shares</b>	<b>498,067,756</b>	<b>477,074,124</b>

**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 compared with the audited financial statements for the year ended 31 March 2011.

**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:**

Group	3 Months		6 Months	
	1 Jul 2011 to 30 Sep 2011	1 Jul 2010 to 30 Sep 2010	1 Apr 2011 to 30 Sep 2011	1 Apr 2010 to 30 Sep 2010
<b>Loss per ordinary share for the period based on net loss attributable to equity holders</b>				
	S\$ Cents	S\$ Cents	S\$ Cents	S\$ Cents
(a) Based on weighted average number of ordinary shares on issue	(0.26)	(0.28)	(0.50)	(0.60)
(b) On a fully diluted basis <sup>^</sup>	(0.26)	(0.28)	(0.50)	(0.60)

For the purpose of calculation of the diluted loss per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options, with the potential ordinary shares weighted for the period outstanding.

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

Date of grant of options	As at 30 September 2011	As at 31 March 2011
28 November 2007	Nil	17,108,416
16 January 2009	3,182,500	3,630,000
2 July 2009	Nil	12,900,000
20 July 2010	Nil	2,595,000
23 June 2011	12,150,000	Nil

<sup>^</sup> Although the options granted were dilutive in nature, the diluted loss per share was computed based on the weighted average number of shares of 495,977,142 (31 March 2011: 477,074,124) shares for 3 months ended 30 September 2011 and 487,732,836 (31 March 2011: 477,074,124) shares for 6 months ended 30 September 2011 as the Group was making losses.

The movement of share options of the Group during the financial period, April 2011 to September 2011 is as follows:

Date of Grant	Balance as at 1/4/2011	Granted during 1/4/2011 to 30/9/2011	Exercised during 1/4/2011 to 30/9/2011	Forfeited/Expired during 1/4/2011 to 30/9/2011	Balance as at 30/9/2011	Exercise Price S\$	Expiry Date
28/11/2007	17,108,416	-	(2,927,500)	(2,582,734)	11,598,182	0.1189	28/11/2012
16/01/2009	3,630,000	-	(60,000)	(387,500)	3,182,500	0.17	16/01/2014
02/07/2009	12,900,000	-	(3,194,000)	(1,267,500)	8,438,500	0.12	02/07/2014
20/07/2010	2,595,000	-	(106,250)	(375,000)	2,113,750	0.08	20/07/2015
22/03/2011	3,050,000	-	-	(150,000)	2,900,000	0.05	22/03/2016
23/06/2011	-	12,450,000	-	(300,000)	12,150,000	0.21	23/06/2016
	39,283,416	12,450,000	(6,287,750)	(5,062,734)	40,382,932		

**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 2011	As at 31 March 2011	As at 30 September 2011	As at 31 March 2011
Net asset/(liability) value per ordinary share (S\$ cents)	- **	(0.20)	(0.11)	(0.33)

Net liability value per ordinary share is calculated based on 498,067,756 shares in issue as at 30 September 2011 (477,074,124 shares in issue as at 31 March 2011).

\*\* Amount less than 0.01 cents

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

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

## **GROUP FINANCIAL PERFORMANCE**

### **Consolidated Statement of Comprehensive Income**

The Group reported a 47% decline in revenue to S\$148K for the first six months ended 30 September 2011 ("1H 2012"). This was due primarily to a decrease in revenue from the Video Management Equipment and Solutions division in the face of intense competition in the industry. As revenue from the Group's Media Solutions business are denominated in US dollar, the strengthening of the Singapore dollar against the US dollar also contributed to the decrease in reported revenue.

Gross profit margin decreased from 46% in 1H 2011 to 33% in 1H 2012, mainly due to change in sales mix. Our revenue in 1H 2011 comprised mainly sales of services which had higher gross profit margin.

The aggregate of distribution and selling, administrative and other operating expenses for 1H 2012 were S\$2.5 million compared with S\$2.9 million for 1H 2011. This was mainly due to a reduction in headcount, decrease in travel and entertainment expenses, as well as a decrease in share option expenses.

### **Statement of Financial Position**

With the proceeds of S\$2.5 million from the share placement conducted in 1H 2012 and additional loan of S\$0.75 million from the Group's controlling shareholder, Algotech Holdings Ltd, cash and cash equivalents increased from S\$0.9 million as at 31 March 2011 to S\$2.5 million as at 30 September 2011. Consequently, net liabilities for the Group decreased from S\$965K as at 31 March 2011 to S\$8K as at 30 September 2011.

### **Consolidated Statement of Cash Flows**

The Group reported a net increase in cash and cash equivalents of S\$1.6 million in 1H 2012, arising mainly from the share placement of S\$2.5 million, the S\$0.75 million loan received from Algotech Holdings Ltd and proceeds of S\$0.75 million from the exercise of share options. The funds raised were offset by cash used in the Group's operations of S\$2.3 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.**

**Video Management Equipment and Solutions**

On 19 October 2011, the Group announced that its subsidiary, Artisecurity Technologies Pte Ltd (“Artisecurity”), had entered into a collaboration agreement with Chinese technology giant Beijing Daheng Innovative Technology Co. Ltd. (“Beijing Daheng” or “大恒”) to exclusively provide the AVision software for Beijing Daheng’s surveillance hardware applications.

In relation to this collaboration agreement with Da Heng, the Group announced on 4 November 2011 that its Video Content Analysis (VCA) solution has passed the pre-qualification of the People’s Republic of China’s Ministry of Railway and will be implemented in an initial project expected to go live in 2012. Beijing Daheng will install the state-of-the-art intelligent video surveillance solution at 18 major train stations across North-East China, including Beijing, Qinhuangdao, Jingzhou, Changchun and Shenyang. For Beijing Daheng, this initial project is worth more than S\$25 million. Barring any unforeseen circumstances, Artivision’s share of the gross revenue from this initial project is expected to be approximately S\$9 million. Upon successful completion of the initial project, the solution will be implemented across China’s train stations covering more than 150,000 channels and will be worth over S\$350 million for Beijing Daheng.

While the Group continues to pursue a number of projects, competition in this industry is expected to remain intense.

**Media Solutions**

The Group’s strategic partner in China 文翰易德北京文化传媒有限公司 (“One Hand Edit Media (Beijing) Culture & Media Co., Ltd.”) has successfully signed agreements with a number of China’s top online video entertainment websites in terms of views such as 迅雷看看 (“Xunlei Kankan”), China Network Television (“CNTV”), [www.56.com](http://www.56.com) and 爆米花 (“Baomihua”). These online publishers will utilise the Group’s proprietary online video advertising technology, TargetRoll (formerly known as Target-Ad) on their online videos.

The Group continues to focus on building its business in China through establishing a large network of partners and customers, and investing in research and development activities to maintain its technology edge.

Barring any unforeseen circumstances, the Group remains cautiously optimistic on the outlook of its businesses.

**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. Interested person transactions**

On 25 April 2011, the Company had entered into a second agreement with Algotech Holdings Ltd, it controlling shareholder, for a further loan of S\$0.75 million to meet the working capital requirements of the Group. The loan is interest-free, unsecured and is repayable at the discretion of the Company. The S\$0.75 million has been received by the Company.

**14. 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 2011 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Philip Soh  
Chairman  
10 November 2011