



artivision  
technologies

**Company Registration No. 200407031R**

## **ARTIVISION TECHNOLOGIES LTD.**

### **UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2012**

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Canaccord Genuity Singapore Pte. Ltd. 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.

The contact person for the Sponsor is Mr Chia Beng Kwan, Director, Canaccord Genuity Singapore Pte. Ltd. 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 THIRD QUARTER ENDED 31 DECEMBER 2012**

	3 Months			9 Months		
	1 Oct 2012 to 31 Dec 2012	1 Oct 2011 to 31 Dec 2011	+/-	1 Apr 2012 to 31 Dec 2012	1 Apr 2011 to 31 Dec 2011	+/-
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	156	49	218	234	197	19
Cost of sales	(1)	(36)	(97)	(13)	(135)	(90)
<b>Gross profit</b>	155	13	1,092	221	62	256
<b>Gross profit - %</b>	99%	27%		94%	31%	
Distribution expenses	(166)	(213)	(22)	(613)	(741)	(17)
Administrative expenses	(628)	(514)	22	(1,697)	(1,503)	13
Other operating expenses (including research and development expense)	(472)	(447)	6	(1,519)	(1,409)	8
Other (expenses)/income	(5)	(2)	150	9	(5)	N.M.
Loss before income tax	(1,116)	(1,163)	(4)	(3,599)	(3,596)	-
Income tax expense	(6)	(5)	20	(19)	(17)	12
<b>Net loss for the period</b>	(1,122)	(1,168)	(4)	(3,618)	(3,613)	-
<b>Other comprehensive income, net of tax</b>						
Currency translation differences arising from consolidation	31	(12)	N.M.	(15)	(30)	(50)
<b>Total comprehensive loss</b>	(1,091)	(1,180)	(8)	(3,633)	(3,643)	-

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 2012 to 31 Dec 2012	1 Oct 2011 to 31 Dec 2011	+/-	1 Apr 2012 to 31 Dec 2012	1 Apr 2011 to 31 Dec 2011	+/-
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of plant and equipment	(19)	(48)	(60)	(58)	(163)	(64)
Amortisation of intangible assets	(2)	(3)	(33)	(8)	(11)	(27)
Allowance for inventories obsolescence	(10)	(19)	(47)	(36)	(38)	(5)
Gain on disposal of plant and equipment	-	-	N.M.	-	4	N.M.
Bad debts expenses off	-*	-	N.M.	-*	-	N.M.
<u>Other (expense)/income</u>						
Interest income from bank deposits	6	4	50	20	6	233
Currency translations losses - net	(11)	(6)	83	(11)	(11)	-
	(5)	(2)	150	9	(5)	N.M.

N.M. – not meaningful

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

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Group		Company	
	31 Dec 2012 S\$'000	31 Mar 2012 S\$'000	31 Dec 2012 S\$'000	31 Mar 2012 S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	3,751	6,756	3,384	6,311
Trade and other receivables	45	99	1,624	83
Other current assets	279	262	112	104
Inventories	22	68	22	68
	<b>4,097</b>	<b>7,185</b>	<b>5,142</b>	<b>6,566</b>
<b>Non-current assets</b>				
Available-for-sale financial asset	_*	_*	_*	_*
Investments in subsidiaries	-	-	1	1
Plant and equipment	88	98	21	29
Intangible assets	15	22	-	1
	<b>103</b>	<b>120</b>	<b>22</b>	<b>31</b>
<b>Total assets</b>	<b>4,200</b>	<b>7,305</b>	<b>5,164</b>	<b>6,597</b>
<b>LIABILITIES</b>				
<b>Current liability</b>				
Trade payables and other liabilities	395	653	416	504
<b>Non-current liability</b>				
Loans from shareholder	2,750	2,750	2,750	2,750
<b>Total liabilities</b>	<b>3,145</b>	<b>3,403</b>	<b>3,166</b>	<b>3,254</b>
<b>NET ASSETS</b>	<b>1,055</b>	<b>3,902</b>	<b>1,998</b>	<b>3,343</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	34,539	34,097	34,539	34,097
Other reserves	1,564	1,235	1,624	1,280
Accumulated losses	(35,048)	(31,430)	(34,165)	(32,034)
<b>Total equity</b>	<b>1,055</b>	<b>3,902</b>	<b>1,998</b>	<b>3,343</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 2012</b>		<b>As at 31 March 2012</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 2012</b>		<b>As at 31 March 2012</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 neither planned nor likely to occur in 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 2012**

	Group			
	3 months ended 31 Dec 2012 S\$'000	3 months ended 31 Dec 2011 S\$'000	9 months ended 31 Dec 2012 S\$'000	9 months ended 31 Dec 2011 S\$'000
<b>Cash flows from operating activities</b>				
Net loss	(1,122)	(1,168)	(3,618)	(3,613)
Adjustments for				
- Income tax expense	6	5	19	17
- Amortisation of intangible assets	2	3	8	11
- Depreciation of plant and equipment	19	48	58	163
- Unrealised currency translation losses	4	2	1	4
- Interest income	(6)	(4)	(20)	(6)
- Gain on disposal of plant and equipment	-	-	-	(4)
- Allowance for inventories obsolescence	10	19	36	38
- Bad debts expenses off	-*	-	-*	-
- Employee share option expenses	205	108	468	294
	(882)	(987)	(3,048)	(3,096)
<b>Change in working capital:</b>				
- Inventories	3	-	10	(14)
- Trade and other receivables	34	(41)	53	53
- Other current assets	(72)	34	(23)	(12)
- Trade payables and other liabilities	(57)	67	(240)	(165)
<b>Cash used in operations</b>	(974)	(927)	(3,248)	(3,234)
Interest received	6	4	21	6
Income tax paid	(2)	36	(27)	13
<b>Net cash used in operating activities</b>	(970)	(887)	(3,254)	(3,215)
<b>Cash flows from investing activities</b>				
Additions of intangible assets	-*	-	(1)	-
Additions of plant and equipment	(12)	(2)	(51)	(9)
Disposal of plant and equipment	-	-	-	6
<b>Net cash used in investing activities</b>	(12)	(2)	(52)	(3)
<b>Cash flows from financing activities</b>				
Proceeds from new share options granted	-*	-	-*	-*
Proceeds from exercise of share options	10	54	318	803
Proceeds from share placement	-	-	-	2,500
Share issue expense	-	-	-	(16)
Proceeds of loan from shareholder	-	-	-	750
<b>Net cash from financing activities</b>	10	54	318	4,037
<b>Net (decrease)/increase in cash and cash equivalents</b>	(972)	(835)	(2,988)	819
<b>Cash and cash equivalents</b>				
Beginning of financial period	4,710	2,517	6,756	873
Effects of currency translation on cash and cash equivalents	13	(8)	(17)	(18)
<b>End of financial period</b>	<b>3,751</b>	<b>1,674</b>	<b>3,751</b>	<b>1,674</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 2012/2011**

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>3Q 2012</b>						
Beginning of financial period	24,459	(11)	1,182	-	(26,595)	(965)
Total comprehensive loss for the period	-	(30)	-	-	(3,613)	(3,643)
Issue of new shares from share placement	2,500	-	-	-	-	2,500
Share issue expenses	(16)	-	-	-	-	(16)
Value of employee services received for issue of share options	-	-	294	-	-	294
Share options exercised	1,031	-	(228)	-	-	803
Proceeds from new share options granted	-	-	-*	-	-	-*
<b>End of financial period</b>	<b>27,974</b>	<b>(41)</b>	<b>1,248</b>	<b>-</b>	<b>(30,208)</b>	<b>(1,027)</b>
<b>3Q 2013</b>						
Beginning of financial period	34,097	(45)	1,100	180	(31,430)	3,902
Total comprehensive loss for the period	-	(15)	-	-	(3,618)	(3,633)
Value of employee services received for issue of share options	-	-	468	-	-	468
Proceeds from new share options granted	-	-	-*	-	-	-*
Share options exercised	442	-	(124)	-	-	318
<b>End of financial period</b>	<b>34,539</b>	<b>(60)</b>	<b>1,444</b>	<b>180</b>	<b>(35,048)</b>	<b>1,055</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.  
(continued)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2012/2011**

Company	Share capital S\$'000	Share option reserve S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
<b>3Q 2012</b>					
Beginning of financial period	24,459	1,110	-	(27,144)	(1,575)
Total comprehensive loss for the period	-	-	-	(3,654)	(3,654)
Issue of new shares from share placement	2,500	-	-	-	2,500
Share issue expenses	(16)	-	-	-	(16)
Value of employee services received for issue of share options	-	366	-	-	366
Share options exercised	1,031	(228)	-	-	803
Proceeds from new share options granted	-	_*	-	-	_*
<b>End of financial period</b>	<b>27,974</b>	<b>1,248</b>	<b>-</b>	<b>(30,798)</b>	<b>(1,576)</b>
<b>3Q 2013</b>					
Beginning of financial period	34,097	1,100	180	(32,034)	3,343
Total comprehensive loss for the period	-	-	-	(2,131)	(2,131)
Value of employee services received for issue of share options	-	468	-	-	468
Proceeds from new share options granted	-	_*	-	-	_*
Share options exercised	442	(124)	-	-	318
<b>End of financial period</b>	<b>34,539</b>	<b>1,444</b>	<b>180</b>	<b>(34,165)</b>	<b>1,998</b>

\* 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
<b>Issued and fully paid ordinary shares</b>		
Balance at 1 October 2012	534,883,256	34,526
Exercise of employee share options	90,000	13
Balance at 31 December 2012	534,973,256	34,539

As at 31 December 2012, the total number of share options outstanding was 39,370,750 (31 March 2012: 37,050,937).

On 4 January 2012, the Company entered into a convertible loan agreement with Ching Chiat Kwong (the "Lender"), pursuant to which the Lender had agreed to grant to the Company loans of up to S\$5.0 million in principal amount, convertible into such number of new ordinary shares in the share capital of the Company (the "Conversion Shares") at an issue price of S\$0.20 for each Conversion Share. The convertible loan was drawn down on 27 January 2012. On 30 January 2012, 25,000,000 Conversion Shares was issued and allotted to the Lender pursuant to the terms of the convertible loan agreement.

Pursuant to the convertible loan agreement, the Company granted the Lender and Christine Poh Chew Hua (the "Nominee") the right to subscribe for such number of shares in the share capital of the Company (the "Option Shares") at an issue price of S\$0.18 for each Option Share, subject to a maximum subscription amount of S\$1.25 million for each of the Lender and Nominee (the "Call Option"). The Call Option will expire on 26 January 2013. As at 31 December 2012, none of the Call Option has been exercised (31 March 2012: None of the Call Option has been exercised).

The total number of Call Options outstanding as at 31 December 2012 was 13,888,888 (31 March 2012: 13,888,888).

The Company did not have any treasury shares as at 31 December 2012 and 31 March 2012.

**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 2012	As at 31 March 2012
<b>Total issued shares</b>	534,973,256	532,115,256

**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 year as those applied in the preparation of the audited financial statements for the financial year ended 31 March 2012.

**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 2012 to 31 Dec 2012	1 Oct 2012 to 31 Dec 2012	1 Apr 2012 to 31 Dec 2012	1 Apr 2011 to 31 Dec 2011
Net loss attributable to equity holders of the Company (S\$'000)	(1,122)	(1,168)	(3,618)	(3,613)
Weighted average number of ordinary shares outstanding for basic loss per share	534,959,082	498,244,147	533,813,452	491,249,348
Basic loss per share (cents per share)	(0.21)	(0.23)	(0.68)	(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, 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 share issues.

The Company has two (2) categories of dilutive potential ordinary shares, which are share options 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. The number of shares that would have been issued upon the exercise of all dilutive share options less the number of shares that would 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.

Call options are assumed to have been converted into ordinary shares at issuance.

**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** (continued)

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

	3 Months		9 Months	
	1 Oct 2012 to 31 Dec 2012	1 Oct 2012 to 31 Dec 2012	1 Apr 2012 to 31 Dec 2012	1 Apr 2011 to 31 Dec 2011
Net loss used to determine diluted loss per share (S\$'000)	(1,122)	(1,168)	(3,618)	(3,613)
Weighted average number of ordinary shares outstanding for basic loss per share	534,959,082	498,244,147	533,813,452	491,249,348
Adjustments for				
- Share options	6,104,189	5,378,565	6,885,500	5,299,815
- Call options	13,888,888	-	13,888,888	-
	<u>554,952,159<sup>^</sup></u>	<u>503,622,712<sup>^</sup></u>	<u>554,587,840<sup>^</sup></u>	<u>496,549,163<sup>^</sup></u>

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 2012	As at 31 March 2012
28 November 2007	Nil	Nil
16 January 2009	Nil	748,770
2 July 2009	Nil	Nil
20 July 2010	Nil	Nil
22 March 2011	Nil	Nil
23 June 2011	5,935,000	11,990,000
23 December 2011	Nil	3,525,000
22 August 2012	9,011,712	Nil

<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 534,959,082 (31 December 2011: 498,244,147) shares for 3 months ended 31 December 2012 and 533,813,452 (31 December 2011: 491,249,348) shares for 9 months ended 31 December 2012 as the Group was making losses.

	3 Months		9 Months	
	1 Oct 2012 to 31 Dec 2012	1 Oct 2012 to 31 Dec 2012	1 Apr 2012 to 31 Dec 2012	1 Apr 2011 to 31 Dec 2011
Diluted loss per share (cents per share)	(0.21)	(0.23)	(0.68)	(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 2012	As at 31 March 2012	As at 31 December 2012	As at 31 March 2012
Net asset value per ordinary share (S\$ cents)	0.20	0.73	0.37	0.63

Net asset value per ordinary share is calculated based on 534,973,256 shares in issue as at 31 December 2012 (532,115,256 shares in issue as at 31 March 2012).

**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 nine (9) months period ended 31 December 2012 ("FP 2013") increased by 19% to S\$234,000 from S\$197,000 in the previous corresponding nine (9) months period ended 31 December 2011 ("FP 2012"). This was mainly due to increase in revenue from Video Management Equipment and Solutions business relating to the licensing of our software. This was partially offset by the decrease in revenue from our Media Solutions business as the Company is still testing and phasing in the new advertisement server technologies to our customers.

Gross profit margin increased to 94% for FP 2013 from 31% for FP 2012 mainly due to a higher proportion of revenue from Video Management Equipment and Solutions business (as mentioned above) which had a higher gross profit margin.

The aggregate of distribution, administrative and other operating expenses for FP 2013 were S\$3.8 million as compared with S\$3.6 million for FP 2012. This was mainly due to the following:

1. Increase in share option expenses of approximately S\$174,000 in FP 2013 compared to FP 2012 due to additional share options being granted;
2. Increase in outsourcing of research and development expenses of approximately S\$117,000 for developing the new features in the video servers for Media Solutions business; and
3. Increase in legal and consultancy fees of about S\$108,000.

The increase was partially offset by a decrease in depreciation of plant and equipment and amortization of intangible assets of about S\$109,000 and a decrease in overall payroll expenses of about S\$68,000 due to a reduction in staff headcount.

Income tax expense arose from corporate tax paid/payable to the Israeli Tax Authority by our subsidiary in Israel.

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

Current assets decreased from S\$7.2 million as at 31 March 2012 to S\$4.1 million as at 31 December 2012 were mainly due to decrease in cash and cash equivalents, trade and other receivables and inventories. This was offset by a slight increase in other current assets. Cash and cash equivalents decreased from S\$6.8 million as at 31 March 2012 to S\$3.8 million as at 31 December 2012 mainly due to funds utilised for the Group's operations.

**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:**

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

Inventories decreased from S\$68,000 as at 31 March 2012 to S\$22,000 as at 31 December 2012 mainly due to allowance for inventories obsolescence.

Non-current assets remained at about S\$0.1 million as at 31 March 2012 and as at 31 December 2012.

Total liabilities decreased from S\$3.4 million as at 31 March 2012 to S\$3.2 million as at 31 December 2012 were due to decrease in trade payables and other liabilities.

Total equity as at 31 March 2012 decreased from S\$3.9 million to S\$1.1 million mainly due to an increase in accumulated losses as a result of losses incurred in FP 2013.

#### **Consolidated Statement of Cash flows**

Net cash used in operating activities for FP 2013 was S\$3.3 million mainly due to losses incurred by the Group.

**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 -**

We are still awaiting further updates from Beijing Daheng Innovation Technology Co Ltd to commence the initial project with the People's Republic of China's ("PRC") Ministry of Railways. The delay is due to changes in management at the Ministry of Railways.

We continue to explore with system providers for projects in the Middle East and Asia for our Video Management Solutions.

#### **Media Solutions -**

We had terminated our licensing agreement with 文翰易德北京文化传媒有限公司 due to differences in the business strategy. The Company had on 1 February 2013 announced that our wholly owned subsidiary, Artimedia Pte Ltd ("**Artimedia Singapore**") had entered into an agreement with a Chinese national and her associated investment company in relation to the proposed subscription of a 40.0% interest in Artimedia Limited ("**Artimedia BVI**"), a company incorporated in the British Virgin Islands. Artimedia BVI will through its wholly-owned subsidiaries to be incorporated, engage in the marketing of Advision, the video advertising platform of Artimedia Singapore in the PRC. The Group will also continue to provide our video advertising solutions to overseas-based advertisers who are keen to advertise into the PRC. The Group will further look to market our services in Europe and the USA in the future.

**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. 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.

**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 third quarter ended 31 December 2012 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Philip Soh  
Non-Executive Chairman  
7 February 2013