



**Company Registration No. 200407031R**

## **ARTIVISION TECHNOLOGIES LTD.**

### **UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2010**

This announcement and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited, for compliance with the relevant rules of the SGX-ST. Collins Stewart 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, Managing Director, Corporate Finance, Collins Stewart Pte. Limited, at 77 Robinson Road, #21-02 Singapore 068896, telephone (65) 6854 6160.

1 (a) An 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 2010**

	3 Months			6 Months		
	1 Jul 2010 to 30 Sep 2010	1 Jul 2009 to 30 Sep 2009	+/-	1 Apr 2010 to 30 Sep 2010	1 Apr 2009 to 30 Sep 2009	+/-
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	160	91	76	278	145	92
Cost of sales	(88)	(56)	57	(150)	(78)	92
<b>Gross profit</b>	72	35	106	128	67	91
Distribution expenses	(297)	(689)	(57)	(641)	(1,329)	(52)
Administrative expenses	(615)	(874)	(30)	(1,222)	(1,477)	(17)
Other operating expenses (including research and development expense)	(491)	(365)	35	(1,094)	(985)	11
<b>Results from operating activities</b>	(1,331)	(1,893)	(30)	(2,829)	(3,724)	(24)
Finance income	10	22	(55)	20	54	(63)
Finance expenses	(4)	(37)	(89)	(15)	(187)	(92)
<b>Net finance income/(expenses)</b>	6	(15)	N.M.	5	(133)	N.M.
Loss before income tax	(1,325)	(1,908)	(31)	(2,824)	(3,857)	(27)
Income tax expense	(10)	(20)	(50)	(24)	(37)	(35)
<b>Loss for the period</b>	(1,335)	(1,928)	(31)	(2,848)	(3,894)	(27)
<b>Other comprehensive income/(loss)</b>						
Exchange differences on translation of foreign operations	-	4	N.M.	(17)	8	N.M.
<b>Total comprehensive loss for the period</b>	(1,335)	(1,924)	(31)	(2,865)	(3,886)	(26)

N/M – not meaningful

**1 (a) An statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)**

	3 Months			6 Months		
	1 Jul 2010 to 30 Sep 2010	1 Jul 2009 to 30 Sep 2009	+/-	1 Apr 2010 to 30 Sep 2010	1 Apr 2009 to 30 Sep 2009	+/-
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Loss attributable to:</b>						
Equity holders of the Company	(1,335)	(1,928)	(31)	(2,848)	(3,894)	(27)
<b>Total comprehensive loss attributable to:</b>						
Equity holders of the Company	(1,335)	(1,924)	(31)	(2,865)	(3,886)	(26)

**Note: There is no tax effect on the component included in other comprehensive income.**

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

	3 Months			6 Months		
	1 Jul 2010 to 30 Sep 2010	1 Jul 2009 to 30 Sep 2009	+/-	1 Apr 2010 to 30 Sep 2010	1 Apr 2009 to 30 Sep 2009	+/-
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of plant and equipment	(60)	(67)	(10)	(123)	(131)	(6)
Amortisation of intangible assets	(4)	(12)	(67)	(8)	(98)	(92)
Inventories written off	-	(-)*	N.M.	-	(-)*	N.M.
Allowance for inventories obsolescence	(2)	(-)*	N.M.	(2)	4	N.M.
Plant and equipment written off	-	-	-	-	(8)	N.M.
Impairment in value of investment	(1)	-	N.M.	(1)	-	N.M.
<b>Finance income</b>						
Interest income	10	22	(55)	20	54	(63)
<b>Finance expense</b>						
Net foreign exchange loss	(4)	(37)	(89)	(15)	(187)	(92)
Interest expense	-	-	-	-	-*	N.M.
	(4)	(37)	(89)	(15)	(187)	(92)

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 2010

	Group		Company	
	30 Sep 2010 S\$'000	31 Mar 2010 S\$'000	30 Sep 2010 S\$'000	31 Mar 2010 S\$'000
<b>Non-current assets</b>				
Plant and equipment	312	432	210	290
Intangible assets	22	30	10	14
Investment in subsidiaries	-	-	1	1
Other investment	.*	1	.*	1
Other receivables	4	10	4	10
	<b>338</b>	<b>473</b>	<b>225</b>	<b>316</b>
<b>Current assets</b>				
Inventories	143	119	143	119
Trade and other receivables	519	307	538	364
Cash and cash equivalents	3,139	3,685	2,638	3,148
	<b>3,801</b>	<b>4,111</b>	<b>3,319</b>	<b>3,631</b>
<b>Total assets</b>	<b>4,139</b>	<b>4,584</b>	<b>3,544</b>	<b>3,947</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	24,459	24,459	24,459	24,459
Reserves	791	373	803	368
Accumulated losses	(23,739)	(20,891)	(24,124)	(21,198)
<b>Total equity</b>	<b>1,511</b>	<b>3,941</b>	<b>1,138</b>	<b>3,629</b>
<b>Current liabilities</b>				
Trade and other payables	628	643	406	318
<b>Non-current liability</b>				
Long term shareholder's loan	2,000	-	2,000	-
<b>Total liabilities</b>	<b>2,628</b>	<b>643</b>	<b>2,406</b>	<b>318</b>
<b>Total equity and liabilities</b>	<b>4,139</b>	<b>4,584</b>	<b>3,544</b>	<b>3,947</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 2010</b>		<b>As at 31 March 2010</b>	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Amount repayable after one year

<b>As at 30 September 2010</b>		<b>As at 31 March 2010</b>	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

1 (c) A consolidated 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 2010**

	Group			
	3 months ended 30 Sep 2010 S\$'000	3 months ended 30 Sep 2009 S\$'000	6 months ended 30 Sep 2010 S\$'000	6 months ended 30 Sep 2009 S\$'000
<b>Cash flows from operating activities</b>				
Loss before income tax	(1,325)	(1,908)	(2,824)	(3,857)
<b>Adjustments for:</b>				
Amortisation of intangible assets	4	12	8	98
Depreciation of plant and equipment	60	67	123	131
Exchange differences	-	(64)	2	73
Interest income	(10)	(22)	(20)	(54)
Interest expense	-	-	-	-*
Plant and equipment written off	-	-	-	8
Impairment loss on other investment	1	-	1	-
Value of employee services received for issue of share options	192	70	435	116
	(1,078)	(1,845)	(2,275)	(3,485)
<b>Changes in working capital:</b>				
Inventories	(8)	(46)	(24)	(74)
Trade and other receivables	(61)	(84)	(192)	(34)
Trade and other payables	(43)	(160)	3	(12)
<b>Cash used in operations</b>	(1,190)	(2,135)	(2,488)	(3,605)
Interest received	1	43	2	72
Interest paid	-	-	-	-*
Tax paid	(10)	(20)	(24)	(37)
<b>Net cash used in operating activities</b>	(1,199)	(2,112)	(2,510)	(3,570)
<b>Cash flows from investing activities</b>				
Purchase of intangible assets	-	(3)	(1)	(120)
Purchase of plant and equipment	(8)	(43)	(10)	(122)
<b>Net cash used in investing activities</b>	(8)	(46)	(11)	(242)
<b>Cash flows from financing activities</b>				
Proceeds from issue of new share option	-	-*	-	-*
Proceeds from issue of new shares under share option scheme	-	109	-	109
Proceeds from shareholder's loan	-	-	2,000	-
<b>Net cash generated from financing activities</b>	-	109	2,000	109
<b>Net decrease in cash and cash equivalents</b>	(1,207)	(2,049)	(521)	(3,703)
Cash and cash equivalents at beginning of the period	4,347	8,603	3,685	10,394
Effect of exchange rates fluctuations on cash and cash equivalents	(1)	67	(25)	(70)
<b>Cash and cash equivalents at end of the period</b>	3,139	6,621	3,139	6,621

\* 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 2010/2009**

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 2009</b>	24,176	(5)	121	(13,435)	10,857
<b>Total comprehensive loss for the period</b>					
Profit or loss	-	-	-	(3,894)	(3,894)
<b>Other comprehensive income</b>					
Exchange differences on translation of foreign operations	-	8	-	-	8
<b>Total comprehensive loss for the period</b>	-	8	-	(3,894)	(3,886)
<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	-	-	116	-	116
Share options exercised	122	-	(13)	-	109
Proceeds from new share options granted	-	-	-*	-	-*
<b>Total contributions by and distributions to owners</b>	122	-	103	-	225
<b>At 30 September 2009</b>	24,298	3	224	(17,329)	7,196
<b>At 1 April 2010</b>	24,459	5	368	(20,891)	3,941
<b>Total comprehensive loss for the period</b>					
Profit or loss	-	-	-	(2,848)	(2,848)
<b>Other comprehensive loss</b>					
Exchange differences on translation of foreign operations	-	(17)	-	-	(17)
<b>Total comprehensive loss for the period</b>	-	(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
<b>Total contributions by and distributions to owners</b>	-	-	435	-	435
<b>At 30 September 2010</b>	24,459	(12)	803	(23,739)	1,511

\* 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 2010/2009**

Company	Share capital S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
<b>At 1 April 2009</b>	24,176	121	(12,547)	11,750
<b>Total comprehensive loss for the period</b>				
Profit or loss	-	-	(4,005)	(4,005)
<b>Total comprehensive loss for the period</b>	-	-	(4,005)	(4,005)
<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	-	116	-	116
Share options exercised	122	(13)	-	109
Proceeds from new share options granted	-	-*	-	-*
Total contributions by and distributions to owners	122	103	-	225
<b>At 30 September 2009</b>	24,298	224	(16,552)	7,970
<b>At 1 April 2010</b>	24,459	368	(21,198)	3,629
<b>Total comprehensive loss for the period</b>				
Profit or loss	-	-	(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

\* 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.**

Share Capital	As at 30 September 2010	As at 31 March 2010
<b>Issued and fully paid ordinary shares</b>		
At the beginning of the period	477,074,124	475,000,000
Exercise of employee share options	-	2,074,124
<b>At the end of the period/year</b>	477,074,124	477,074,124

The total number of share options outstanding as at 30 September 2010 stands at 37,248,248.  
(31 March 2010: 34,759,272).

**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.**

Total number of issued shares excluding treasury shares as at the current financial period (30 September 2010) :	477,074,124
The immediately preceding financial year (31 March 2010):	477,074,124

**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 2010.

**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:**

<b>Group</b>				
<b>Loss per ordinary share for the period based on net loss attributable to equity holders</b>	<b>2<sup>nd</sup> Quarter 2011</b>	<b>2<sup>nd</sup> Quarter 2010</b>	<b>1<sup>st</sup> Half 2011</b>	<b>1<sup>st</sup> Half 2010</b>
	S\$ Cents	S\$ Cents	S\$ Cents	S\$ Cents
(a) Based on weighted average number of ordinary shares in issue	(0.28)	(0.41)	(0.60)	(0.82)
(b) On a fully diluted basis <sup>^</sup>	(0.28)	(0.41)	(0.60)	(0.82)

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.

At 30 September 2010, 18,079,272 (30 September 2009: 346,688) share options granted on 28 November 2007, 3,780,000 (30 September 2009: 3,780,000) share options granted on 16 January 2009, 12,900,000 (30 September 2009: 6,450,000) share options granted on 2 July 2009 and 2,178,750 (30 September 2009: NIL) share options granted on 20 July 2010 were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

<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 477,074,124 (30 September 2009: 475,005,027) shares for 6 months ended 30 September 2010 and 477,074,124 (30 September 2009: 475,010,000) shares for 3 months ended 30 September 2010 as the Group was making losses.

The movement of share options of the Company during the period, April 2010 to September 2010 is as follows:

Date of Grant	Balance as at 1/4/2010	Granted during 1/4/2010 to 30/9/2010	Exercised during 1/4/2010 to 30/9/2010	Cancelled during 1/4/2010 to 30/9/2010	Balance as at 30/9/2010	Exercise Price	Expiry Date
28/11/2007	18,079,272	-	-	(416,024)	17,663,248	S\$0.1189	28/11/2012
16/01/2009	3,780,000	-	-	-	3,780,000	S\$0.17	16/01/2014
02/07/2009	12,900,000	-	-	-	12,900,000	S\$0.12	02/07/2014
20/07/2010	-	2,905,000	-	-	2,905,000	S\$0.08	20/07/2015
	34,759,272	2,905,000	-	(416,024)	37,248,248		

**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:**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 September 2010</b>	<b>As at 31 March 2010</b>	<b>As at 30 September 2010</b>	<b>As at 31 March 2010</b>
<b>Net asset value per ordinary share (S\$ cents)</b>	0.32	0.83	0.24	0.76

Net asset value per ordinary share is calculated based on 477,074,124 shares in issue as at 30 September 2010 (477,074,124 shares in issue as at 31 March 2010).

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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 any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Artivision provides diversified products and solutions mainly for security and online video advertising applications. These products and solutions are based on our core proprietary computer vision technology Avision™.

## **GROUP FINANCIAL PERFORMANCE**

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

Revenue for the half year ended 30 September 2010 ("HY 2011") increased by 76% to S\$278K from S\$145K in the half year ended 30 September 2009 ("HY 2010"). The increase was mainly contributed by increase in revenue from our Media Solution business. Gross profit margin for HY 2011 and HY 2010 has remained approximately at 46%.

The aggregate distribution and selling, administrative and other operating expenses for HY 2011 were \$2,957K compared with S\$3,791K for HY 2010. This was mainly due to the followings:

1. Resignation of Chief Executive Officer and reduction of sales and marketing personnel in the financial year ended 31 March 2010 ("FY 2010").
2. Decrease in travel and entertainment expenses due to reduction in manpower in sales and marketing personnel and tighter control of such expenses.
3. Decrease in amortization of intangible assets as most of which was fully amortized in FY 2010.

This was offset by the followings:

1. Additional manpower cost in Research & Development for Media Solution Business to further enhance the software solutions.
2. Increase in share option expenses.

Income tax expense represents corporate tax payable by our subsidiary in Israel.

### **Statement of Financial Position**

Net assets for the Group decreased from S\$3.9million as at 31 March 2010 to S\$1.5million as at 30 September 2010, mainly due to utilisation of funds for the Group's operations.

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

Net decrease in cash and cash equivalents of S\$521K in HY 2011 was mainly due to cash used in Group's operations of S\$2.5million. This was offset by loan from a shareholder of S\$2million.

**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**

The Company is currently pursuing a number of key projects. Barring any unforeseen circumstances, the Group remains cautiously positive on the outlook of this business.

Reference to our announcement of 2 June 2010, the Company has not received the 15% down payment from the Germany-based customer. The Company will make necessary announcement when there is any new development.

**Media Solutions**

The Group continues to focus on establishing a large network of partners and customers in South East Asia and Europe, with successes in India, Vietnam, Netherlands, Portugal, Germany and People's Republic of China. Barring any unforeseen circumstances, the Group is cautiously optimistic on the outlook of this 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. Interested person transactions**

On 12 April 2010, the Company had entered into a Shareholder Loan Agreement with Algotech Holdings Ltd, the largest shareholder of the Company, for a loan of S\$2million 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\$2million 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 2010 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Nathaniel C.V.  
Company Secretary  
10 November 2010