



Company Registration No. 200407031R

ARTIVISION TECHNOLOGIES LTD.

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 Months		+/-
	1 Apr 2017 to 30 Jun 2017	1 Apr 2016 to 30 Jun 2016	
	(Unaudited) S\$'000	(Unaudited) S\$'000	%
Continuing operations			
Revenue	1,129	1,660	(32)
Cost of sales	(884)	(1,087)	(19)
Gross profit	245	573	(57)
Gross profit margin	22%	35%	
Other (losses)/gains – net	(231)	329	N.M.
Expenses			
- Distribution	(23)	(49)	(53)
- Administrative	(1,229)	(1,314)	(6)
- Finance	(380)	(1,208)	(69)
Loss before income tax	(1,618)	(1,669)	(3)
Income tax expense	-	-	-
Loss from continuing operations for the period	(1,618)	(1,669)	(3)
Discontinued operations^a			
Profit/(loss) from discontinued operations	474	(1,814)	N.M.
Total losses	(1,144)	(3,483)	(67)
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation	(367)	190	N.M.
Total comprehensive loss	(1,511)	(3,293)	(54)

N.M. – not meaningful

^a “Discontinued operations” refers to the Media Solution Business of the Artimedia Group (as defined below). On 11 June 2017, the Company announced that it had, on 9 June 2017, entered into a conditional sale and purchase agreement with Dr Ofer Miller (the “Purchaser”) pursuant to which the Company agreed to sell to the Purchaser and the Purchaser agreed to acquire all the entire issued and paid-up share capital of Artimedia Pte. Ltd. and its subsidiary and joint venture companies (“Artimedia Group” or the “Proposed Disposal Group”) (the “Proposed Disposal”).

At the extraordinary general meeting (“EGM”) of the Company held on 27 July 2017, shareholders of the Company approved the Proposed Disposal. The Proposed Disposal is expected to be completed by September 2017. Until then, in compliance with “FRS 105 – Non-current Assets Held-for-Sale and Discontinued Operations”, the Proposed Disposal Group had been classified as “Disposal group classified as held-for-sale” on the statements of financial position and the entire results from the Proposed Disposal Group had been presented separately on the statement of comprehensive income as “Discontinued operations”. Further, in the consolidated statement of cash flows, the operating cash flows of the Proposed Disposal Group have been aggregated with those of the continuing operations and are shown separately in paragraph 1(c) herein.

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)

Discontinued operations and disposal group classified as held-for-sale

The results of the discontinued operations are as follows:

	3 Months		
	1 Apr 2017 to 30 Jun 2017	1 Apr 2016 to 30 Jun 2016	+/-
	(Unaudited) S\$'000	(Unaudited) S\$'000	%
Revenue	5,335	2,668	100
Cost of sales	(4,312)	(2,497)	73
Gross profit	1,023	171	498
Gross profit margin	19%	6%	
Other gains/(losses) – net	975	(329)	N.M.
Expenses			
- Distribution	(501)	(550)	(9)
- Administrative	(1,010)	(1,106)	(9)
Share of loss of a joint venture	(13)	-	N.M.
Profit/(loss) before income tax from discontinued operations	474	(1,814)	N.M.
Income tax expense	-	-	-
Profit/(loss) for the period from discontinued operations	474	(1,814)	N.M.

	3 Months		
	1 Apr 2017 to 30 Jun 2017	1 Apr 2016 to 30 Jun 2016	+/-
	(Unaudited) S\$'000	(Unaudited) S\$'000	%
Cumulative (expenses)/income recognised in other comprehensive loss relating to disposal group classified as held-for-sale are as follows:			
- Currency translation differences	(359)	188	N.M.

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		+/-
	1 Apr 2017 to 30 Jun 2017	1 Apr 2016 to 30 Jun 2016	
	(Unaudited) S\$'000	(Unaudited) S\$'000	%
<u>Continuing operations:</u>			
Depreciation of property, plant and equipment	(141)	(142)	-
Amortisation of intangible assets	(63)	(64)	(2)
Loss on disposal of property, plant and equipment	-	(3)	(100)
Property, plant and equipment written off	(3)	-	N.M.
<u>Other (losses)/gains – net</u>			
Currency translation (losses)/gains – net	(252)	15	N.M.
Fair value changes on derivative financial instruments	13	294	(96)
Interest income from bank and fixed deposits	2	8	(71)
Others	6	12	(54)
	(231)	329	N.M.
<u>Finance expenses</u>			
Interest expense on convertible loan	(102)	(573)	(82)
Interest expense on bonds	(278)	(635)	(56)
	(380)	(1,208)	(69)
<u>Discontinued operations:</u>			
Depreciation of property, plant and equipment	(15)	(12)	25
Amortisation of intangible assets	(5)	(3)	67
<u>Other gains/(losses) – net</u>			
Currency translation gains/(losses) – net	975	(329)	N.M.
Interest income from bank and fixed deposits	_*	_*	-
	975	(329)	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.

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30 Jun 2017 (Unaudited) S\$'000	31 Mar 2017 (Audited) S\$'000	30 Jun 2017 (Unaudited) S\$'000	31 Mar 2017 (Audited) S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	2,527	4,038	1,483	2,846
Available-for-sale financial asset	-	-	-	-
Trade and other receivables	496	471	7	179
Other current assets	200	211	104	105
Inventories	251	252	-	-
	3,474	4,972	1,594	3,130
Assets of disposal group classified as held-for-sale	11,488	9,078	1	1
	14,962	14,050	1,595	3,131
Non-current assets				
Other receivables	-	-	5,000	5,000
Available-for-sale financial asset	.*	.*	.*	.*
Investments in subsidiaries	-	-	1,315	1,315
Investment in a joint venture	-	-	-	-
Property, plant and equipment	2,509	2,657	3	6
Intangible assets	366	429	.*	.*
	2,875	3,086	6,318	6,321
Total assets	17,837	17,136	7,913	9,452
LIABILITIES				
Current liabilities				
Trade payables and other liabilities	1,112	1,264	681	899
Derivative financial instruments	-	13	-	13
Convertible loan	-	5,523	-	5,523
Bonds payable	2,300	7,175	2,300	7,175
	3,412	13,975	2,981	13,610
Liabilities of disposal group classified as held-for-sale	6,682	4,078	-	-
	10,094	18,053	2,981	13,610
Non-current liabilities				
Bonds payable	6,875	-	6,875	-
Accrued interest payable	303	-	303	-
	7,178	-	7,178	-
Total liabilities	17,272	18,053	10,159	13,610
NET ASSETS/(LIABILITIES)	565	(917)	(2,246)	(4,158)

* - 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. (continued)

STATEMENTS OF FINANCIAL POSITION (continued)

	Group		Company	
	30 Jun 2017 (Unaudited) S\$'000	31 Mar 2017 (Audited) S\$'000	30 Jun 2017 (Unaudited) S\$'000	31 Mar 2017 (Audited) S\$'000
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	71,777	68,787	71,777	68,787
Other reserves	1,278	1,642	2,541	2,538
Accumulated losses	(72,490)	(71,346)	(76,564)	(75,483)
Total equity	565	(917)	(2,246)	(4,158)

The major classes of assets and liabilities of disposal group classified as held-for-sale under FRS 105 as at 30 June 2017 and 31 March 2017 are as follows:

	Group	
	30 Jun 2017 (Unaudited) S\$'000	31 Mar 2017 (Audited) S\$'000
Details of the assets of disposal group classified as held-for-sale are as follows:		
Plant and equipment	86	94
Intangible assets	39	44
Trade and other receivables	12,807	11,905
Other current assets	191	193
Cash and cash equivalents	5,252	3,729
	18,375	15,965
Less: Impairment of assets held-for-sale	(6,887)	(6,887)
	11,488	9,078
Details of the liabilities of disposal group classified as held-for-sale are as follows:		
Trade payables and other liabilities	4,682	4,078
Loan from third party	2,000	-
	6,682	4,078
Net assets of disposal group classified as held-for-sale	4,806	5,000

	Company	
	30 Jun 2017 (Unaudited) S\$'000	31 Mar 2017 (Audited) S\$'000
Details of assets in non-current assets classified as held-for-sale are as follows:		
Investment in subsidiary	1	1

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

	As at 30 Jun 2017		As at 31 Mar 2017	
	(Unaudited)		(Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
<u>Amount repayable in one (1) year or less, or on demand</u>				
Convertible loan	-	-	-	5,523
Bonds payable	-	2,300	-	7,175
<u>Amount repayable after one (1) year</u>				
Bonds payable	-	6,875	-	-
Loan from a third party	-	2,000	-	-

Details of any collateral

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

Convertible Loan

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

Bonds Payable

Bonds payable refer to bonds comprising the following:

- a) an aggregate principal amount of S\$2,300,000 as at 30 June 2017 (S\$2,300,000 as at 31 March 2017), which bears interest at 15% per annum, is unsecured and repayable in one lump sum on 31 July 2017;
- b) an aggregate principal amount of S\$4,875,000 as at 30 June 2017 (S\$4,875,000 as at 31 March 2017), which bears interest at 10% per annum, is unsecured and repayable in one lump sum on 31 August 2018; and
- c) an aggregate principal amount of S\$2,000,000 as at 30 June 2017 (S\$Nil as at 31 March 2017), which bears interest at 15% per annum, is unsecured and repayable in one lump sum on 31 August 2018.

Loan from a third party

The third party's loan to Artimedia Technologies Ltd, a wholly-owned subsidiary of Artimedia Pte. Ltd., bears interest at 6% per annum, is unsecured and repayable in June 2019.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 30 Jun 2017 (Unaudited) S\$'000	3 months ended 30 Jun 2016 (Unaudited) S\$'000
Cash flows from operating activities		
Net loss	(1,144)	(3,483)
Adjustments for		
- Amortisation of intangible assets	68	67
- Depreciation of property, plant and equipment	156	154
- Loss on disposal of property, plant and equipment	-	3
- Property, plant and equipment written off	3	-
- Unrealised currency translation gains	(74)	(22)
- Interest income	(2)	(8)
- Interest expense on convertible loan	102	573
- Interest expense on bonds	278	635
- Fair value changes on derivative financial instruments	(13)	(294)
- Share of loss of a joint venture	13	-
- Accrual of share-based compensation expenses	3	430
	<u>(610)</u>	<u>(1,945)</u>
Change in working capital:		
- Inventories	1	(49)
- Trade and other receivables	(625)	(261)
- Other current assets	16	642
- Trade payables and other liabilities	71	762
	<u>(1,147)</u>	<u>(851)</u>
Cash used in operations	(1,147)	(851)
Interest received	2	7
Net cash used in operating activities	(1,145)	(844)
Cash flows used in investing activities		
Additions to property, plant and equipment	(5)	(4)
Additions to intangible assets	-	(39)
Net cash used in investing activities	(5)	(43)
Cash flows from financing activities		
Proceeds from the renounceable and non-underwritten Rights Shares	-	10,307
Interest paid	(414)	(409)
Share issue expenses	(10)	(120)
Repayment of convertible loan	(5,520)	-
Proceeds from exercise of option shares	3,000	-
Proceeds from issuance of bonds	2,000	-
Loan from third party	2,000	-
Net cash from financing activities	1,056	9,778

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. (continued)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	3 months ended 30 Jun 2017 (Unaudited) S\$'000	3 months ended 30 Jun 2016 (Unaudited) S\$'000
Net (decrease)/increase in cash and cash equivalents	(94)	8,891
Cash and cash equivalents		
Beginning of financial period	4,038	3,469
Increase in cash and cash equivalent of disposal group	(1,523)	-
Effects of currency translation on cash and cash equivalents	106	(80)
End of financial period	2,527	12,280

Reconciliation of liabilities arising from financing activities

	As at 31 Mar 2017 S\$'000	Net cash flows S\$'000	Non-cash changes		As at 30 Jun 2017 S\$'000
			Amortisation of interest expense S\$'000	Foreign exchange movement S\$'000	
Convertible loan	5,523	(5,520)	66	(69)	-
Bonds payable	7,175	2,000	-	-	9,175

In the consolidated statement of cash flows, the operating cash flows of the Proposed Disposal Group has been aggregated with those of the continuing operations of the Group. The impact of the discontinued operations on the cash flows of the Group is as follows:

	3 months ended 30 Jun 2017 (Unaudited) S\$'000	3 months ended 30 Jun 2016 (Unaudited) S\$'000
Operating cash outflows	(581)	(1,221)
Investing cash outflows	(5)	(31)
Financing cash inflows	2,000	4,191
Total cash inflows	1,414	2,939

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

STATEMENT OF CHANGES IN EQUITY

Group	Share capital	Currency translation reserve	Share-based compensation reserve	Capital reserve	Accumulated losses	Total attributable to equity holders of the Company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
(Unaudited)						
Balance as at 1 April 2016	51,402	(190)	3,091	-*	(55,490)	(1,187)
Loss for the period	-	-	-	-	(3,483)	(3,483)
Other comprehensive loss for the period	-	190	-	-	-	190
Total comprehensive loss for the period	-	190	-	-	(3,483)	(3,293)
Value of employee services received for issue of share options and share awards	-	-	430	-	-	430
Renounceable and non-underwritten Rights issue	13,057	-	-	-	-	13,057
Share issue expenses	(120)	-	-	-	-	(120)
Balance as at 30 June 2016	64,339	-*	3,521	-*	(58,973)	8,887
(Unaudited)						
Balance as at 1 April 2017	68,787	(896)	2,538	-*	(71,346)	(917)
Loss for the period	-	-	-	-	(1,144)	(1,144)
Other comprehensive loss for the period	-	(367)	-	-	-	(367)
Total comprehensive loss for the period	-	(367)	-	-	(1,144)	(1,511)
Value of employee services received for issue of share options	-	-	3	-	-	3
Exercise of option shares	3,000	-	-	-	-	3,000
Share issue expenses	(10)	-	-	-	-	(10)
Balance as at 30 June 2017	71,777	(1,263)	2,541	-*	(72,490)	565

*- Amount less than S\$1,000

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

STATEMENT OF CHANGES IN EQUITY

Company	Share capital S\$'000	Share-based compensation reserve S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
(Unaudited)					
Balance as at 1 April 2016	51,402	3,091	-*	(50,340)	4,153
Total comprehensive loss for the period	-	-	-	(1,098)	(1,098)
Value of employee services received for issue of share options and share awards	-	430	-	-	430
Renounceable and non-underwritten Rights Issue	13,057	-	-	-	13,057
Share issue expenses	(120)	-	-	-	(120)
Balance as at 30 June 2016	64,339	3,521	-*	(51,438)	16,422
(Unaudited)					
Balance as at 1 April 2017	68,787	2,538	-*	(75,483)	(4,158)
Total comprehensive loss for the period	-	-	-	(1,081)	(1,081)
Value of employee services received for issue of share options	-	3	-	-	3
Exercise of option shares	3,000	-	-	-	3,000
Share issue expenses	(10)	-	-	-	(10)
Balance as at 30 June 2017	71,777	2,541	-*	(76,564)	(2,246)

*- 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 the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of Shares	Share Capital S\$'000
Issued and fully paid-up ordinary shares		
Balance as at 1 April 2017	1,612,607,801	68,787
Issue of new shares pursuant to the exercise of 2016 DECEMBER Option Shares	185,185,185	3,000
Share issue expenses	-	(10)
Balance as at 30 June 2017	<u>1,797,792,986</u>	<u>71,777</u>

The total number of shares in the capital of the Company ("**Shares**") that may be issued on conversion of all the outstanding convertibles of the Company as at 30 June 2017 was 837,355,555 (30 June 2016: 190,107,267), comprising the following:-

(a) Employee share options and employee share awards

As at 30 June 2017, the total number of outstanding employee share options and employee share awards were 18,050,000 and NIL respectively (30 June 2016: 28,863,000 and 33,800,000 respectively).

(b) Conversion Shares and APRIL Option Shares

On 17 April 2015, the Company entered into a convertible loan agreement (the "**Loan Agreement**") with NCL Housing Pte. Ltd. (the "**Lender**"), pursuant to which the Lender agreed to grant the Company loans of up to US\$4.00 million in principal amount (the "**Convertible Loan**"), convertible into 42,462,845 new Shares (the "**Convertible Shares**") at a conversion price of US\$0.0942 per Convertible Share at any time after the first drawdown date. The Convertible Loan was fully drawn down in April 2015 and fully repaid on 16 April 2017.

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

As at 16 April 2017, none of the APRIL Options was exercised and had, accordingly, expired on the same date.

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 the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. (continued)

(c) SEPTEMBER Option Shares

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

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

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

(d) 2015 DECEMBER Option Shares

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

On 9 November 2016, the Company had obtained the agreement from Ms Poh to extend the repayment date for the amount of S\$2.00 million due to Ms Poh (including interests of S\$300,000) from 30 December 2016 to 30 June 2017, on the same terms as the subscription agreement dated 31 December 2015 (including interest rate of 15% per annum). On 23 June 2017, the Company announced that it had, on 18 June 2017, obtained the agreement from Ms Poh to further extend the repayment date from 30 June 2017 to 31 July 2017, on the same terms as the subscription agreement dated 31 December 2015 (including interest rate of 15% per annum).

On 29 December 2016, the Company had announced that the aggregate principal amount of S\$2.50 million and the interest portion of S\$375,000 due to Mr Low was redeemed by way of set-off against a new bond subscription agreement subscribed for by Mr Low on 27 December 2016 (see point 1(d)(ii)(e) below).

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 the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. (continued)

(d) 2015 DECEMBER Option Shares (continued)

In connection with the 2015 DECEMBER Issuance of Bonds, the Company had, on the same day, entered into an option deed with the 2015 DECEMBER Subscribers, pursuant to which the Company granted the 2015 DECEMBER Subscribers a total of 33,750,000 share options ("**2015 DECEMBER Options**") (of which 18,750,000 2015 DECEMBER Options were granted to Mr Low and 15,000,000 2015 DECEMBER Options were granted to Ms Poh), with each 2015 DECEMBER Option carrying the right to subscribe for one new Share ("**2015 DECEMBER Option Share**") at the exercise price of S\$0.10 for each 2015 DECEMBER Option Share.

As at 30 June 2017, none of the 2015 DECEMBER Options was exercised. The 2015 DECEMBER Options will expire on 30 December 2017.

(e) 2016 DECEMBER Option Shares

On 29 December 2016, the Company announced that it had, on 27 December 2016, entered into two separate subscription agreements (the "**2016 DECEMBER Subscription Agreements**") with Mr Low and Mr Tee Wee Sien ("**Mr Tee**") (together, the "**2016 DECEMBER Subscribers**"), pursuant to which the 2016 DECEMBER Subscribers agreed to subscribe for bonds in aggregate principal amount of S\$4,875,000 to be issued by the Company ("**2016 DECEMBER Bonds**") (of which S\$2,875,000 is subscribed for by Mr Low and S\$2,000,000 is subscribed for by Mr Tee) at a subscription price of 100% of the principal amount of the 2016 DECEMBER Bonds ("**2016 DECEMBER Issuance of Bonds**"). The 2016 DECEMBER Issuance of Bonds have an interest rate of 10% per annum, payable when the 2016 DECEMBER Bonds mature at the end of six months from the date of the 2016 DECEMBER Bonds are issued or such other date as may be agreed between the Company and the 2016 DECEMBER Subscribers. On 5 June 2017, the Company had entered into two supplemental agreements with Mr Low and Mr Tee respectively, to amend the respective repayment dates from 30 June 2017 and 19 July 2017 to 31 August 2018. All other terms in the respective subscription agreements with Mr Low and Mr Tee remained unchanged.

In connection with the 2016 DECEMBER Issuance of Bonds, the Company had, on 27 December 2016, entered into two separate option deeds with the 2016 DECEMBER Subscribers respectively, pursuant to which the Company granted the 2016 DECEMBER Subscribers a total of 740,740,740 share options ("**2016 DECEMBER Options**"), whereby each of the 2016 DECEMBER Subscribers is granted 370,370,370 2016 DECEMBER Options, with each 2016 DECEMBER Option carrying the right to subscribe for one new Share ("**2016 DECEMBER Option Share**") at the exercise price of S\$0.0162 for each 2016 DECEMBER Option Share.

At the extraordinary general meeting ("**EGM**") of the Company held on 10 February 2017, shareholders of the Company approved the grant of an aggregate of 370,370,370 2016 DECEMBER Options each to Mr Low and Mr Tee.

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 the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. (continued)

(e) 2016 DECEMBER Option Shares (continued)

On 7 April 2017, the Company announced that an exercise notice was received from Mr Tee to exercise 185,185,185 2016 DECEMBER Options Shares, together with the amount payable pursuant to the exercise of these Options of S\$3.0 million, in accordance with the Option Deed. The exercise of 185,185,185 2016 DECEMBER Options Shares was completed on 11 April 2017 and 185,185,185 2016 DECEMBER Options Shares were duly allotted and issued to Mr Tee on the same day.

As at 30 June 2017, 555,555,555 2016 DECEMBER Options were not exercised. 370,370,370 2016 DECEMBER Options will expire on 29 December 2019 for Mr Low and 185,185,185 2016 DECEMBER Options will expire on 18 January 2020 for Mr Tee.

(f) 2017 APRIL Option Shares

On 6 April 2017, the Company announced that it had, on 5 April 2017, entered into a subscription agreement (the "**2017 APRIL Subscription Agreement**") with Mr Tang Boo Teck ("**Mr Tang**") (the "**2017 APRIL Subscriber**"), pursuant to which the 2017 APRIL Subscriber agreed to subscribe for bonds in aggregate principal amount of S\$2,000,000 to be issued by the Company ("**2017 APRIL Bonds**") at a subscription price of 100% of the principal amount of the 2017 APRIL Bonds ("**2017 APRIL Issuance of Bonds**"). The 2017 APRIL Issuance of Bonds have an interest rate of 15% per annum, payable when the 2017 APRIL Bonds mature at the end of six months from the date of the 2017 APRIL Bonds are issued or such other date as may be agreed between the Company and the 2017 APRIL Subscriber. On 5 June 2017, the Company entered into a supplemental agreement with Mr Tang to amend the repayment date from 6 October 2017 to 31 August 2018. All other terms in the 2017 APRIL Subscription Agreement remained unchanged.

In connection with the 2017 APRIL Issuance of Bonds, the Company had, on 5 April 2017, entered into an option deed with the 2017 APRIL Subscriber, pursuant to which the Company granted the 2017 APRIL Subscriber 200,000,000 share options ("**2017 APRIL Options**"), with each 2017 APRIL Option carrying the right to subscribe for one new Share ("**2017 APRIL Option Share**") at the exercise price of S\$0.0216 for each 2017 APRIL Option Share.

As at 30 June 2017, none of the 2017 APRIL Options was exercised. The 2017 APRIL Options will expire on 4 April 2020.

Save as disclosed above, the Company did not have any treasury shares, subsidiary holdings or other convertibles as at 30 June 2017 and 30 June 2016.

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.

	<u>As at</u> <u>30 June 2017</u>	<u>As at</u> <u>31 March 2017</u>
Number of issued shares	1,797,792,986	1,612,607,801

The Company did not have any treasury shares as at 30 June 2017 and 31 March 2017.

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

1 (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

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 2017.

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)/earning 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)/earning per share based on the weighted average number of ordinary shares on issue; and**
 Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period/year.

	3 Months					
	Continuing operations		Discontinued operations		Total	
	1 Apr 2017 to 30 Jun 2017	1 Apr 2016 to 30 Jun 2016	1 Apr 2017 to 30 Jun 2017	1 Apr 2016 to 30 Jun 2016	1 Apr 2017 to 30 Jun 2017	1 Apr 2016 to 30 Jun 2016
Net (loss)/profit attributable to equity holders of the Company (S\$'000)	(1,618)	(1,669)	474	(1,814)	(1,144)	(3,483)
Weighted average number of ordinary shares outstanding for basic (loss)/earning per share	1,785,582,974	1,114,837,751	1,785,582,974	1,114,837,751	1,785,582,974	1,114,837,751
Basic (loss)/earning per share (S\$ cents)	(0.09)	(0.15)	0.03	(0.16)	(0.06)	(0.31)

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

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

The Company had two categories of potentially dilutive ordinary shares, namely share options and call options as at 30 June 2017 (31 March 2017: four categories of potentially dilutive ordinary shares, namely share options, share awards, convertible loan and call options.)

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

6. (Loss)/Earning 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)/earning per share on a fully diluted basis (detailing any adjustments made to the earnings)**
(continued)

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

	3 Months					
	Continuing operations		Discontinued operations		Total	
	1 Apr 2017 to 30 Jun 2017	1 Apr 2016 to 30 Jun 2016	1 Apr 2017 to 30 Jun 2017	1 Apr 2016 to 30 Jun 2016	1 Apr 2017 to 30 Jun 2017	1 Apr 2016 to 30 Jun 2016
Net (loss)/profit used to determine diluted (loss)/earning per share (\$'000)	(1,618)	(1,669)	474	(1,814)	(1,144)	(3,483)
Weighted average number of ordinary shares outstanding for basic (loss)/earning per share	1,785,582,974	1,114,837,751	1,785,582,974	1,114,837,751	1,785,582,974	1,114,837,751
Adjustment for - Call options	555,555,555	-	555,555,555	-	-	-
	2,341,138,529[^]	1,114,837,751[^]	2,341,138,529[^]	1,114,837,751[^]	2,341,138,529[^]	1,114,837,751[^]

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

Date of grant of options	As at 30 June 2017	As at 30 June 2016
22 December 2011	Expired	4,563,000
22 August 2012	6,120,000	6,620,000
22 April 2014	11,930,000	17,680,000
17 April 2015	Expired	63,694,267
22 September 2015	30,000,000	30,000,000
18 December 2015	Expired	Not applicable
31 December 2015	33,750,000	33,750,000
5 April 2017	200,000,000	Not applicable

[^] In the current financial period, although the options granted were dilutive in nature, the diluted (loss)/earning per share was computed based on the weighted average number of shares of 1,785,582,974 (30 June 2016: 1,114,837,751) shares for the 3 months ended 30 June 2017 as the Group had incurred losses.

	3 Months					
	Continuing operations		Discontinued operations		Total	
	1 Apr 2017 to 30 Jun 2017	1 Apr 2016 to 30 Jun 2016	1 Apr 2017 to 30 Jun 2017	1 Apr 2016 to 30 Jun 2016	1 Apr 2017 to 30 Jun 2017	1 Apr 2016 to 30 Jun 2016
Diluted (loss)/earning per share (\$ cents)	(0.09)	(0.15)	0.03	(0.16)	(0.06)	(0.31)

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year:

	Group		Company	
	As at 30 June 2017	As at 31 March 2017	As at 30 June 2017	As at 31 March 2017
Net asset/(liability) value per ordinary share (S\$ cents)	0.03	(0.06)	(0.12)	(0.26)

Net asset/(liability) value per ordinary share is calculated based on 1,797,792,986 shares in issue as at 30 June 2017 (31 March 2017: 1,612,607,801 shares in issue).

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

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

GROUP FINANCIAL PERFORMANCE

Consolidated Statement of Comprehensive Income

Continuing operations

Revenue for the first quarter ended 30 June 2017 ("**Q1 2018**") was S\$1.13 million, and was S\$1.66 million for the previous corresponding quarter ended 30 June 2016 ("**Q1 2017**"). The decline in revenue was due to a decline in revenue from the Group's Contract Manufacturing subsidiary, Colibri Assembly (Thailand) Co., Ltd ("**CAT**"), attributable to lower sales as a result of the slowdown of the hard disk drive industry.

Gross profit declined to S\$0.25 million in Q1 2018, from S\$0.57 million in Q1 2017, in line with the lower revenue. As a result of lower economies of scale, gross profit margin decreased to 22% in Q1 2018, from 35% in Q1 2017.

The Group recorded other losses (net) of S\$0.23 million in Q1 2018, as compared to other gains (net) of S\$0.33 million in Q1 2017. This was mainly due to offsetting effects of the following:

1. foreign exchange losses of S\$0.25 million in Q1 2018 as compared to foreign exchange gains of S\$0.01 million in Q1 2017. The foreign exchange losses were mainly attributable to the US Dollars denominated intercompany loan from the Company to the subsidiary, Artimedia Technologies Ltd ("**Artimedia IL**"), as a result of US Dollars weakening against the reporting currency, Singapore Dollars; and
2. smaller fair-value gain in Q1 2018 of S\$0.01 million on derivative financial instruments arising from a foreign currency convertible loan and bonds, as compared to S\$0.29 million in Q1 2017.

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

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

Consolidated Statement of Comprehensive Income (continued)

The aggregate distribution, administrative and finance expenses for Q1 2018 decreased by S\$0.94 million mainly due to the following:

- 1. decrease in overall payroll costs of S\$0.05 million mainly due to a decrease in headcount at the Company level and at CAT;
- 2. decrease in consultancy fee of approximately S\$0.06 million; and
- 3. decrease in interest expenses of S\$0.83 million incurred on the Convertible Loan, as the Convertible Loan was fully redeemed in April 2017.

Discontinued operations

Discontinued operations relate to the Group's Media Solutions business under the Proposed Disposal Group. Until the expected completion of the Proposed Disposal in September 2017, the financial results of the Proposed Disposal Group will continue to be consolidated as part of the Group's results as discontinued operations. The discontinued operations made a net loss S\$0.5 million in Q1 2018 before foreign exchange gain of S\$0.98 million, as compared to a net loss of S\$1.48 million in Q1 2017 before foreign exchange loss of S\$0.33 million.

Revenue from the discontinued operations increased to S\$5.34 million in Q1 2018, from S\$2.67 million in Q1 2017, due to the increase in the number of usage of the media technology by more advertisers and advertising agencies.

The improvement in gross profit from the discontinued operations from S\$0.17 million in Q1 2017 to S\$1.02 million in Q1 2018 was due to better economies of scale as a result of the increase in revenue.

In Q1 2018, the discontinued operations recorded net other gains of S\$0.98 million, largely relating to foreign exchange gains. In Q1 2017, the discontinued operations recorded net other losses of S\$0.33 million, largely relating to foreign exchange losses. The foreign exchange gains were mainly attributable to the US Dollars denominated intercompany loan from the Company to Artimedia IL, as a result of US Dollars weakening against Artimedia IL's reporting currency, the Israeli New Shekel.

The aggregate distribution, administrative and finance expenses from discontinued operations remained relatively stable at approximately S\$1.60 million in both Q1 2018 and Q1 2017.

Due to the factors above, the Group incurred a total net loss of S\$1.14 million in Q1 2018, as compared to a total net loss of S\$3.48 million in Q1 2017.

Statement of Financial Position

Current assets

Current assets increased to S\$14.96 million as at 30 June 2017, from S\$14.05 million as at 31 March 2017. This was mainly due to the increase in the total assets of the Proposed Disposal Group classified as held-for-sale of S\$2.41 million and an increase in trade and other receivables of S\$0.03 million. The overall increase in current assets was mitigated by declines of cash and cash equivalents of S\$1.51 million and other current assets of S\$0.01 million.

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 (continued)

Current assets (continued)

Cash and cash equivalents decreased to S\$2.53 million as at 30 June 2017, from S\$4.04 million as at 31 March 2017. The decrease was mainly due to the repayment of the Convertible Loan of S\$5.93 million (including interest) upon the maturity date on 16 April 2017, and the use of S\$0.56 million to fund the Group's continuing operations' operating activities. The decrease was partially offset by the proceeds of S\$2.00 million received from the 2017 APRIL Bonds and net proceeds of S\$2.99 million received from the exercise of 185,185,185 2016 DECEMBER Option Shares by Mr Tee.

Trade and other receivables increased to S\$0.50 million as at 30 June 2017, from S\$0.47 million as at 31 March 2017. Trade receivables as at 30 June 2017 largely related to the Group's Contract Manufacturing business.

The assets of disposal group classified as held-for-sale comprised the assets of the Artimedia Group. The assets of disposal group classified as held-for-sale increased to S\$11.49 million as at 30 June 2017, from S\$9.08 million as at 31 March 2017. The increase was largely due to the increase in trade and other receivables of S\$0.90 million and cash and cash equivalents of S\$1.52 million.

The increase in trade and other receivables of the discontinued operations was in line with the increase in revenue. The increase in cash and cash equivalents of the discontinued operations of S\$1.52 million was mainly due to loan from third party of S\$2.00 million and funds used for discontinued operations' operating activities of S\$0.58 million. Until the completion of the Proposed Disposal Group, the financial results of the Proposed Disposal Group will continue to be consolidated as part of the Group's results.

Non-current assets

Non-current assets declined to S\$2.88 million as at 30 June 2017, from S\$3.09 million as at 31 March 2017, due to decreases of S\$0.15 million in property, plant and equipment and S\$0.06 million in intangible assets.

Property, plant and equipment decreased to S\$2.51 million as at 30 June 2017, from S\$2.66 million as at 31 March 2017, mainly due to depreciation charges of S\$0.15 million of the continuing operations.

Intangible assets decreased to S\$0.37 million as at 30 June 2017, from S\$0.43 million as at 31 March 2017, due to amortisation charges of S\$0.06 million of the continuing operations.

Total liabilities

Total liabilities decreased to S\$17.27 million as at 30 June 2017, from S\$18.05 million as at 31 March 2017. This was mainly due to the repayment of the Convertible Loan of S\$5.52 million (including interest), partially offset by the increase in trade payables and other liabilities of S\$0.15 million and increase in bonds payable of S\$2.00 million.

The Convertible Loan of S\$5.52 million as at 31 March 2017 was fully repaid on 16 April 2017.

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

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

Statement of Financial Position (continued)

Total liabilities (continued)

Trade payables and other liabilities increased to S\$1.42 million as at 30 June 2017, from S\$1.26 million as at 31 March 2017. The increase was largely due to the provision made on the expenses incurred on the Proposed Disposal Group.

Bonds payable increased to S\$9.18 million as at 30 June 2017, from S\$7.18 million as at 31 March 2017. Bonds payable as at 30 June 2017 consist of the 2015 DECEMBER Bonds, the 2016 DECEMBER Bonds and the 2017 APRIL Bonds. Please refer to section 1(d)(ii)(d), (e) and (f) for further details on the 2015 DECEMBER Bonds, the 2016 DECEMBER Bonds and the 2017 APRIL Bonds, respectively.

The liabilities of disposal group classified as held-for-sale comprised the liabilities of the Artimedia Group. The liabilities of disposal group classified as held-for-sale increased to S\$6.68 million as at 30 June 2017, from S\$4.08 million as at 31 March 2017. The increase was largely due to a loan from a third party of S\$2.00 million.

The Group had net current assets of S\$4.87 million as at 30 June 2017, as compared to net current liabilities of S\$4.00 million as at 31 March 2017, mainly due to the amendment of the repayment dates of the 2016 DECEMBER Bonds and the 2017 APRIL Bonds, to 31 August 2018.

Equity

The Group had positive equity of S\$0.57 million as at 30 June 2017, as compared to negative equity of S\$0.92 million as at 31 March 2017. This was mainly due to an increase in share capital upon the exercise of 185,185,185 2016 DECEMBER Option Shares to Mr Tee at S\$3.00 million. This was partially offset by losses incurred in Q1 2018 and reduction in other reserves.

The Company's equity decreased from a deficit of S\$4.16 million as at 31 March 2017 to a smaller deficit of S\$2.25 million as at 30 June 2017, mainly due to increase in share capital and smaller losses incurred in Q1 2018.

Mr Ching Chiat Kwong, the controlling shareholder of the Company, had given a letter of financial support to the Company up to 31 August 2018. The Group will continue to explore all options to raise funds to strengthen its balance sheet and repay the Bonds when they fall due.

Consolidated Statement of Cash Flows

Net cash used in operating activities for Q1 2018 was S\$1.15 million, mainly due to losses incurred by the Group. Net cash used in investing activities for Q1 2018 was S\$0.05 million, due to the addition of plant and equipment. Net cash from financing activities for Q1 2018 was S\$1.06 million, due to the repayment of the Convertible Loan of S\$5.93 million (including interest). The decrease was partially offset by net proceeds of S\$2.99 million from the exercise of 185,185,185 2016 DECEMBER Option Shares, gross proceeds of S\$2.00 million from the 2017 APRIL Bonds and a loan from a third party to the discontinued operations of S\$2.00 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.

Media Solutions Business

The Company had, on 27 July 2017, obtained shareholders' approval to proceed with the disposal of the Artimedia Group. The Company will be working with the Purchaser to complete the disposal of the Artimedia Group on or before 8 September 2017.

Contract Manufacturing Business

Colibri Assembly (Thailand) Co., Ltd. ("CAT") is a contract manufacturer of disk drive filter technology products for a US-based multinational corporation in Thailand. The global hard disk drive business is experiencing a slowdown and it had affected the revenue and profitability of CAT as shown in the first quarter results for the financial year ending 31 March 2018. The Company will carry out a cost rationalisation programme to optimise the operations of this business unit and explore with the customer the possibility of increasing revenue. Appropriate announcements will be made, when necessary.

The Company is also exploring other business opportunities for the Group and appropriate announcements will be made, when necessary.

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

a) Use of net proceeds from 2016 DECEMBER Option Shares

The Company had, on 7 April 2017, received an exercise notice from Mr Tee Wee Sien to exercise 185,185,185 of the 2016 December Options (“**Exercise of Options**”), together with the amount payable of S\$3.00 million, in accordance with the Option Deed. The Exercise of Options was completed on 11 April 2017 and 185,185,185 option shares have been duly allotted and issued to Mr Tee Wee Sien on the same day.

Net proceeds from the Exercise of Options of approximately S\$3.00 million have been partially utilised as follows:

	S\$'million
Net proceeds from the Exercise of Options	2.99
<u>As announced by the Company on 17 April 2017, 25 May 2017 and 11 July 2017</u>	
Partial redemption of the Convertible Loan due on 16 April 2017	(1.53)
Amount utilised for working capital purposes	
- Distribution expenses	(0.01)
- Administrative expenses	(0.39)
<u>As at the date of this announcement</u>	
Amount utilised for working capital purposes	
- Administrative expenses	(0.29)
Balance as at the date of this announcement	0.77

The uses of the aforementioned net proceeds are in accordance with the intended use as stated in the announcement. The Company will make periodic announcements as and when the balance of the net proceeds from the Exercise of Options is materially disbursed.

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 first quarter ended 30 June 2017 to be false or misleading in any material aspect.

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

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

BY ORDER OF THE BOARD

Harry Ng

Non-Executive Chairman and Independent Director
27 July 2017