



Company Registration No. 200407031R

## **ARTIVISION TECHNOLOGIES LTD.**

### **UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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                     |                              |      | 6 Months                     |                              |      |
|---|------------------------------|------------------------------|------|------------------------------|------------------------------|------|
|   | 1 Jul 2017 to<br>30 Sep 2017 | 1 Jul 2016 to<br>30 Sep 2016 | +/-  | 1 Apr 2017 to<br>30 Sep 2017 | 1 Apr 2016 to<br>30 Sep 2016 | +/-  |
|   | (Unaudited)<br>S\$'000       | (Unaudited)<br>S\$'000       | %    | (Unaudited)<br>S\$'000       | (Unaudited)<br>S\$'000       | %    |
| <b>Continuing operations</b>                                  |                              |                              |      |                              |                              |      |
| Revenue   | 1,155                        | 1,942                        | (41) | 2,284                        | 3,603                        | (37) |
| Cost of sales   | (857)                        | (1,261)                      | (32) | (1,741)                      | (2,348)                      | (26) |
| <b>Gross profit</b>   | 298                          | 681                          | (56) | 543                          | 1,255                        | (57) |
| <b>Gross profit margin</b>                                    | 26%                          | 35%                          |      | 24%                          | 35%                          |      |
| Other gains/(losses) – net                                    | 235                          | (394)                        | N.M. | 4                            | (65)                         | N.M. |
| Expenses  |                              |                              |      |                              |                              |      |
| - Distribution  | (50)                         | (54)                         | (7)  | (73)                         | (103)                        | (29) |
| - Administrative  | (1,084)                      | (1,338)                      | (19) | (2,313)                      | (2,652)                      | (13) |
| - Finance   | (240)                        | (1,188)                      | (80) | (620)                        | (2,396)                      | (74) |
| Loss before income tax  | (841)                        | (2,293)                      | (63) | (2,459)                      | (3,961)                      | (38) |
| Income tax expense  | -                            | -                            | -    | -                            | -                            | -    |
| <b>Loss from continuing operations</b>                        | (841)                        | (2,293)                      | (63) | (2,459)                      | (3,961)                      | (38) |
| <b>Discontinued operations*</b>                               |                              |                              |      |                              |                              |      |
| Loss from discontinued operations                             | (1,284)                      | (585)                        | 119  | (810)                        | (2,399)                      | (66) |
| <b>Total losses</b>   | (2,125)                      | (2,878)                      | (26) | (3,269)                      | (6,360)                      | (49) |
| <b>Other comprehensive loss:</b>                              |                              |                              |      |                              |                              |      |
| Item that may be reclassified subsequently to profit or loss: |                              |                              |      |                              |                              |      |
| Currency translation differences arising from consolidation   |                              |                              |      |                              |                              |      |
| – Gains/(losses)  | 354                          | (293)                        | N.M. | (13)                         | (104)                        | (88) |
| - Reclassification  | 997                          | -                            | N.M. | 997                          | -                            | N.M. |
| <b>Total comprehensive loss</b>                               | (774)                        | (3,171)                      | (76) | (2,285)                      | (6,464)                      | (65) |

N.M. – not meaningful

\* “Discontinued operations” refers to the Media Solution Business of Artimedia Pte. Ltd. and its subsidiary and joint venture companies (“Artimedia Group”).

On 11 August 2017, the Company completed the disposal of Artimedia Group which was approved by the shareholders of the Company during the extraordinary general meeting of the Company held on 27 July 2017. Artimedia Pte. Ltd. ceased to be a wholly-owned subsidiary of the Company and was excluded from the Group’s consolidated accounts with effect from the same date. The comparative figures have also been adjusted accordingly.

**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**

The results of Artimedia Group from April 2017 up to the date of completion of the disposal by the Company, being 11 August 2017, have been included as part of the Group's unaudited financial results for the 6 months financial period ended 30 September 2017 ("H1 2018") and the comparative period was presented separately in the statement of comprehensive income in compliance with "FRS 105 – Non-current Assets Held-for-Sale and Discontinued Operations" ("FRS 105"). The results of the discontinued operations are as follows:

|  | 3 Months                     |                              |      | 6 Months                     |                              |      |
|--|------------------------------|------------------------------|------|------------------------------|------------------------------|------|
|  | 1 Jul 2017 to<br>30 Sep 2017 | 1 Jul 2016 to<br>30 Sep 2016 | +/-  | 1 Apr 2017 to<br>30 Sep 2017 | 1 Apr 2016 to<br>30 Sep 2016 | +/-  |
|  | (Unaudited)<br>S\$'000       | (Unaudited)<br>S\$'000       | %    | (Unaudited)<br>S\$'000       | (Unaudited)<br>S\$'000       | %    |
| <b>Discontinued operations</b>   |                              |                              |      |                              |                              |      |
| Revenue  | 2,413                        | 4,120                        | (41) | 7,748                        | 6,788                        | 14   |
| Cost of sales  | (2,007)                      | (3,730)                      | (46) | (6,319)                      | (6,227)                      | 1    |
| <b>Gross profit</b>  | 406                          | 390                          | 4    | 1,429                        | 561                          | 155  |
| <b>Gross profit margin</b>   | 17%                          | 9%                           |      | 18%                          | 8%                           |      |
| Other gains – net  | (984)                        | 553                          | N.M. | (8)                          | 224                          | N.M. |
| Expenses   |                              |                              |      |                              |                              |      |
| - Distribution   | (259)                        | (350)                        | (26) | (760)                        | (900)                        | (16) |
| - Administrative   | (426)                        | (1,178)                      | (64) | (1,436)                      | (2,284)                      | (37) |
| - Finance  | (15)                         | -                            | N.M. | (15)                         | -                            | N.M. |
| Share of loss of a joint<br>venture  | (6)                          | -                            | N.M. | (20)                         | -                            | N.M. |
| Loss) before income tax<br>from discontinued<br>operations   | (1,284)                      | (585)                        | 119  | (810)                        | (2,399)                      | (66) |
| Income tax expense   | -                            | -                            | -    | -                            | -                            | -    |
| <b>Net loss for the period<br/>from discontinued<br/>operations</b>  | (1,284)                      | (585)                        | 119  | (810)                        | (2,399)                      | (66) |
| Cumulative expenses<br>recognised in other<br>comprehensive loss<br>relating to discontinued<br>operations are as follows: |                              |                              |      |                              |                              |      |
| - Currency translation<br>differences  | (816)                        | (377)                        | 116  | (1,175)                      | (189)                        | 522  |

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

|  | 3 Months                     |                              |       | 6 Months                     |                              |       |
|--|------------------------------|------------------------------|-------|------------------------------|------------------------------|-------|
|  | 1 Jul 2017 to<br>30 Sep 2017 | 1 Jul 2016 to<br>30 Sep 2016 | +/-   | 1 Apr 2017 to<br>30 Sep 2017 | 1 Apr 2016 to<br>30 Sep 2016 | +/-   |
|  | (Unaudited)<br>S\$'000       | (Unaudited)<br>S\$'000       | %     | (Unaudited)<br>S\$'000       | (Unaudited)<br>S\$'000       | %     |
| <b>Continuing operations:</b>                          |                              |                              |       |                              |                              |       |
| Depreciation of property, plant and equipment          | (144)                        | (142)                        | 1     | (285)                        | (283)                        | 1     |
| Amortisation of intangible assets                      | (62)                         | (65)                         | (5)   | (125)                        | (128)                        | (2)   |
| Loss on disposal of property, plant and equipment      | -                            | -                            | -     | -                            | (3)                          | (100) |
| Property, plant and equipment written off              | -                            | -                            | -     | (3)                          | -                            | N.M.  |
| <b>Other gains/(losses) – net</b>                      |                              |                              |       |                              |                              |       |
| Currency translation gains – net                       | 284                          | 167                          | 70    | 32                           | 182                          | (82)  |
| Fair value changes on derivative financial instruments | -                            | 20                           | 100   | 13                           | 314                          | (96)  |
| Interest income from bank and fixed deposits           | -*                           | 4                            | N.M.  | 2                            | 12                           | (83)  |
| Impairment loss on available-for-sale financial asset  | -                            | (613)                        | (100) | -                            | (613)                        | (100) |
| Loss on disposal of subsidiary                         | (187)                        | -                            | N.M.  | (187)                        | -                            | N.M.  |
| Other income   | 138                          | 28                           | 393   | 144                          | 40                           | 260   |
|  | 235                          | (394)                        | N.M.  | 4                            | (65)                         | N.M.  |
| <b>Finance expenses</b>                                |                              |                              |       |                              |                              |       |
| Interest expense on convertible loan                   | -                            | (579)                        | (100) | (102)                        | (1,152)                      | (91)  |
| Interest expense on bonds                              | (240)                        | (609)                        | (61)  | (518)                        | (1,244)                      | (58)  |
|  | (240)                        | (1,188)                      | (80)  | (620)                        | (2,396)                      | (74)  |

N.M. – not meaningful

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

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

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

|  | 3 Months                     |                              |      | 6 Months                     |                              |      |
|--|------------------------------|------------------------------|------|------------------------------|------------------------------|------|
|  | 1 Jul 2017 to<br>30 Sep 2017 | 1 Jul 2016 to<br>30 Sep 2016 | +/-  | 1 Apr 2017 to<br>30 Sep 2017 | 1 Apr 2016 to<br>30 Sep 2016 | +/-  |
|  | (Unaudited)<br>S\$'000       | (Unaudited)<br>S\$'000       | %    | (Unaudited)<br>S\$'000       | (Unaudited)<br>S\$'000       | %    |
| <b>Discontinued operations:</b>                  |                              |                              |      |                              |                              |      |
| Depreciation of property,<br>plant and equipment | (9)                          | (13)                         | (31) | (24)                         | (26)                         | (8)  |
| Amortisation of<br>intangible assets             | (3)                          | (3)                          | -    | (8)                          | (6)                          | 33   |
| <b>Finance expenses</b>                          |                              |                              |      |                              |                              |      |
| Interest expense on<br>external loan             | (15)                         | -                            | N.M. | (15)                         | -                            | N.M. |
| <b>Other gains/(losses) – net</b>                |                              |                              |      |                              |                              |      |
| Currency translation<br>(losses)/gains – net     | (984)                        | 553                          | N.M. | (8)                          | 224                          | N.M. |
| Interest income from<br>bank and fixed deposits  | _*                           | _*                           | -    | _*                           | _*                           | -    |
|  | (984)                        | 553                          | N.M. | (8)                          | 224                          | 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 Sep 2017<br>(Unaudited)<br>S\$'000 | 31 Mar 2017<br>(Audited)<br>S\$'000 | 30 Sep 2017<br>(Unaudited)<br>S\$'000 | 31 Mar 2017<br>(Audited)<br>S\$'000 |
| <b>ASSETS</b>   |                                       |                                     |                                       |                                     |
| <b>Current assets</b>                                     |                                       |                                     |                                       |                                     |
| Cash and cash equivalents                                 | 2,404                                 | 4,038                               | 1,166                                 | 2,846                               |
| Available-for-sale financial asset                        | -                                     | -                                   | -                                     | -                                   |
| Trade and other receivables                               | 2,459                                 | 471                                 | 2,002                                 | 179                                 |
| Other current assets                                      | 192                                   | 211                                 | 104                                   | 105                                 |
| Inventories   | 237                                   | 252                                 | -                                     | -                                   |
|   | 5,292                                 | 4,972                               | 3,272                                 | 3,130                               |
| Assets of disposal group classified as held-for-sale      | -                                     | 9,078                               | -                                     | 1                                   |
|   | <b>5,292</b>                          | <b>14,050</b>                       | <b>3,272</b>                          | <b>3,131</b>                        |
| <b>Non-current assets</b>                                 |                                       |                                     |                                       |                                     |
| Other receivables   | -                                     | -                                   | -                                     | 5,000                               |
| Available-for-sale financial asset                        | .*                                    | .*                                  | .*                                    | .*                                  |
| Investments in subsidiaries                               | -                                     | -                                   | 1,315                                 | 1,315                               |
| Property, plant and equipment                             | 2,362                                 | 2,657                               | 3                                     | 6                                   |
| Intangible assets   | 304                                   | 429                                 | -                                     | .*                                  |
|   | <b>2,666</b>                          | <b>3,086</b>                        | <b>1,318</b>                          | <b>6,321</b>                        |
| <b>Total assets</b>                                       | <b>7,958</b>                          | <b>17,136</b>                       | <b>4,590</b>                          | <b>9,452</b>                        |
| <b>LIABILITIES</b>  |                                       |                                     |                                       |                                     |
| <b>Current liabilities</b>                                |                                       |                                     |                                       |                                     |
| Trade payables and other liabilities                      | 1,310                                 | 1,264                               | 805                                   | 899                                 |
| Derivative financial instruments                          | -                                     | 13                                  | -                                     | 13                                  |
| Convertible loan  | -                                     | 5,523                               | -                                     | 5,523                               |
| Bonds payable   | 6,875                                 | 7,175                               | 6,875                                 | 7,175                               |
|   | 8,185                                 | 13,975                              | 7,680                                 | 13,610                              |
| Liabilities of disposal group classified as held-for-sale | -                                     | 4,078                               | -                                     | -                                   |
|   | <b>8,185</b>                          | <b>18,053</b>                       | <b>7,680</b>                          | <b>13,610</b>                       |
| <b>Total liabilities</b>                                  | <b>8,185</b>                          | <b>18,053</b>                       | <b>7,680</b>                          | <b>13,610</b>                       |
| <b>NET LIABILITIES</b>                                    | <b>(227)</b>                          | <b>(917)</b>                        | <b>(3,090)</b>                        | <b>(4,158)</b>                      |

\* - 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 Sep 2017<br>(Unaudited)<br>S\$'000 | 31 Mar 2017<br>(Audited)<br>S\$'000 | 30 Sep 2017<br>(Unaudited)<br>S\$'000 | 31 Mar 2017<br>(Audited)<br>S\$'000 |
| <b>EQUITY</b>   |                                       |                                     |                                       |                                     |
| <b>Capital and reserves attributable to equity holders of the Company</b> |                                       |                                     |                                       |                                     |
| Share capital   | 71,777                                | 68,787                              | 71,777                                | 68,787                              |
| Other reserves  | 2,611                                 | 1,642                               | 2,523                                 | 2,538                               |
| Accumulated losses  | (74,615)                              | (71,346)                            | (77,390)                              | (75,483)                            |
| <b>Total equity</b>   | <b>(227)</b>                          | <b>(917)</b>                        | <b>(3,090)</b>                        | <b>(4,158)</b>                      |

On 11 August 2017, the Company disposed the following assets and liabilities pertaining to Artimedia Group.

Carrying amount of assets and liabilities disposed of as at 11 August 2017 and the major classes of assets and liabilities of disposal group classified as held-for-sale under FRS 105 as at 31 March 2017 are as follows:

|   | Group                                 |                                     |
|---|---------------------------------------|-------------------------------------|
|   | 11 Aug 2017<br>(Unaudited)<br>S\$'000 | 31 Mar 2017<br>(Audited)<br>S\$'000 |
| <b>Carrying amount of assets disposed of/<br/>Details of the assets of disposal group classified as held-for-sale are as follows:</b>           |                                       |                                     |
| Plant and equipment   | 158                                   | 94                                  |
| Intangible assets   | 35                                    | 44                                  |
| Trade and other receivables   | 15,693                                | 11,905                              |
| Other current assets  | 153                                   | 193                                 |
| Cash and cash equivalents   | 2,290                                 | 3,729                               |
|   | 18,329                                | 15,965                              |
| Less: Impairment of assets held-for-sale  | (6,887)                               | (6,887)                             |
|   | <b>11,442</b>                         | <b>9,078</b>                        |
| <b>Carrying amount of liabilities disposed of/<br/>Details of the liabilities of disposal group classified as held-for-sale are as follows:</b> |                                       |                                     |
| Trade payables and other liabilities  | 5,416                                 | 4,078                               |
| Loan from third party   | 2,014                                 | -                                   |
|   | <b>7,430</b>                          | <b>4,078</b>                        |
| <b>Net assets disposed of/<br/>Net assets of disposal group classified as held-for-sale</b>   | <b>4,012</b>                          | <b>5,000</b>                        |
| <b>Company</b>  |                                       |                                     |
|   | 11 Aug 2017<br>(Unaudited)<br>S\$'000 | 31 Mar 2017<br>(Audited)<br>S\$'000 |
| <b>Carrying amount of asset disposed of/<br/>Details of assets in non-current assets classified as held-for-sale are as follows:</b>            |                                       |                                     |
| Investment in subsidiary  | 1                                     | 1                                   |

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

|  | <b>As at 30 Sep 2017</b> |                      | <b>As at 31 Mar 2017</b> |                      |
|--|--------------------------|----------------------|--------------------------|----------------------|
|  | <b>(Unaudited)</b>       |                      | <b>(Audited)</b>         |                      |
|  | Secured<br>S\$'000       | Unsecured<br>S\$'000 | Secured<br>S\$'000       | Unsecured<br>S\$'000 |
| <b><u>Amount repayable in one (1) year or less, or on demand</u></b> |                          |                      |                          |                      |
| Convertible loan   | -                        | -                    | -                        | 5,523                |
| Bonds payable  | -                        | 6,875                | -                        | 7,175                |
| <b><u>Amount repayable after one (1) year</u></b>                    |                          |                      |                          |                      |
| Nil  | -                        | -                    | -                        | -                    |

**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\$2,000,000 and interest payable amount of S\$300,000 roll-over with the principal as at 31 March 2017, which bears interest at 15% per annum, is unsecured and repayable in one lump sum on or before 8 September 2017. The amount had been fully repaid on 11 August 2017;
- b) an aggregate principal amount of S\$4,875,000 as at 30 September 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 September 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.



**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**

|   | <b>3 months<br/>ended<br/>30 Sep 2017<br/>(Unaudited)<br/>S\$'000</b> | <b>3 months<br/>ended<br/>30 Sep 2016<br/>(Unaudited)<br/>S\$'000</b> | <b>6 months<br/>ended<br/>30 Sep 2017<br/>(Unaudited)<br/>S\$'000</b> | <b>6 months<br/>ended<br/>30 Sep 2016<br/>(Unaudited)<br/>S\$'000</b> |
|---|---|---|---|---|
| <b>Cash flows from operating activities</b>   |   |   |   |   |
| Net loss  | (2,125)   | (2,878)   | (3,269)   | (6,360)   |
| Adjustments for   |   |   |   |   |
| - Amortisation of intangible assets   | 65  | 67  | 133   | 134   |
| - Depreciation of property, plant and equipment   | 153   | 155   | 309   | 309   |
| - Fair value changes on derivative financial instruments                                | -   | (20)  | (13)  | (314)   |
| - Interest income   | (-*)  | (5)   | (2)   | (12)  |
| - Interest expense on convertible loan  | -   | 579   | 102   | 1,152   |
| - Interest expense on bonds   | 240   | 609   | 518   | 1,244   |
| - Interest expense on external loan of disposal group                                   | 15  | -   | 15  | -   |
| - Impairment loss on available-for-sale financial asset                                 | -   | 613   | -   | 613   |
| - Loss on disposal of property, plant and equipment                                     | -   | -   | -   | 3   |
| - Loss on disposal of subsidiary  | 187   | -   | 187   | -   |
| - Currency translation difference arising from consolidation for disposal of subsidiary | (179)   | -   | (179)   | -   |
| - Property, plant and equipment written off   | -   | -*  | 3   | -   |
| - Share of loss of a joint venture  | 7   | -   | 20  | -   |
| - Unrealised currency translation gains   | -*  | 78  | (74)  | 55  |
| - (Write-back)/Accrual of share-based compensation expenses                             | (18)  | 406   | (15)  | 836   |
|   | <u>(1,655)</u>  | <u>(396)</u>  | <u>(2,265)</u>  | <u>(2,340)</u>  |
| <b>Change in working capital, net of effects from disposal of subsidiary:</b>           |   |   |   |   |
| - Inventories   | 13  | 67  | 14  | 17  |
| - Trade and other receivables   | (3,171)   | (2,975)   | (3,796)   | (3,237)   |
| - Other current assets  | 43  | (611)   | 59  | 32  |
| - Trade payables and other liabilities  | 1,393   | 295   | 1,464   | 1,057   |
| <b>Cash used in operations</b>  | <u>(3,377)</u>  | <u>(3,620)</u>  | <u>(4,524)</u>  | <u>(4,471)</u>  |
| Interest received   | -*  | 5   | 2   | 12  |
| Income tax prepaid  | -   | (47)  | -   | (47)  |
| <b>Net cash used in operating activities</b>  | <u>(3,377)</u>  | <u>(3,662)</u>  | <u>(4,522)</u>  | <u>(4,506)</u>  |
| <b>Cash flows from investing activities</b>   |   |   |   |   |
| Additions to property, plant and equipment  | (85)  | (18)  | (90)  | (4)   |
| Additions to intangible assets  | -   | (-*)  | -   | (57)  |
| Disposal of the subsidiary, net of cash disposed of                                     | 3,000   | -   | 3,000   | -   |
| Sales proceeds on disposal of property, plant and equipment                             | -   | 4   | -   | 4   |
| <b>Net cash from/(used in) investing activities</b>                                     | <u>2,915</u>  | <u>(14)</u>   | <u>2,910</u>  | <u>(57)</u>   |

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

**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)**

|   | <b>3 months<br/>ended<br/>30 Sep 2017<br/>(Unaudited)<br/>S\$'000</b> | <b>3 months<br/>ended<br/>30 Sep 2016<br/>(Unaudited)<br/>S\$'000</b> | <b>6 months<br/>ended<br/>30 Sep 2017<br/>(Unaudited)<br/>S\$'000</b> | <b>6 months<br/>ended<br/>30 Sep 2016<br/>(Unaudited)<br/>S\$'000</b> |
|---|---|---|---|---|
| <b>Cash flows from financing activities</b>                       |   |   |   |   |
| Proceeds from the renounceable and non-underwritten Rights Shares | -   | -   | -   | 10,307  |
| Interest on convertible loan paid                                 | -   | -   | (414)   | (409)   |
| Interest on 2015 DECEMBER Bonds paid                              | (514)   | -   | (514)   | -   |
| Share issue expenses  | -   | (1)   | (10)  | (121)   |
| Repayment of convertible loan                                     | -   | -   | (5,520)   | -   |
| Repayment of 2015 DECEMBER Bonds                                  | (2,000)   | (4,000)   | (2,000)   | (4,000)   |
| Proceeds from exercise of option shares                           | -   | -   | 3,000   | -   |
| Proceeds from issuance of 2017 APRIL Bonds                        | -   | -   | 2,000   | -   |
| Loan from third party for disposal group                          | -   | -   | 2,000   | -   |
| <b>Net cash (used in)/from financing activities</b>               | <b>(2,514)</b>  | <b>(4,001)</b>  | <b>(1,458)</b>  | <b>5,777</b>  |
| <b>Net (decrease)/increase in cash and cash equivalents</b>       | <b>(2,976)</b>  | <b>(7,677)</b>  | <b>(3,070)</b>  | <b>1,214</b>  |
| <b>Cash and cash equivalents</b>                                  |   |   |   |   |
| Beginning of financial period                                     | 2,527   | 12,280  | 4,038   | 3,469   |
| Effects of currency translation on cash and cash equivalents      | (110)   | 157   | (4)   | 77  |
| Increase in cash and cash equivalent of disposal group            | 2,963   | -   | 1,440   | -   |
| End of financial period   | <b>2,404</b>  | <b>4,760</b>  | <b>2,404</b>  | <b>4,760</b>  |

*Reconciliation of liabilities arising from financing activities*

|                         | <b>As at<br/>31 Mar 2017<br/>S\$'000</b> | <b>Net cash<br/>flows<br/>S\$'000</b> | <b>Non-cash changes</b>                                 |   |  | <b>As at<br/>30 Sep 2017<br/>S\$'000</b> |
|-------------------------|--|---------------------------------------|---|---|--|--|
|                         |  |                                       | <b>Amortisation of<br/>interest expense<br/>S\$'000</b> | <b>Conversion of<br/>interest payables<br/>to bonds<br/>principal<sup>#</sup><br/>S\$'000</b> | <b>Foreign exchange<br/>movement<br/>S\$'000</b> |  |
| <b>Convertible loan</b> | 5,523                                    | (5,520)                               | 66  | -   | (69)   | -  |
| <b>Bonds payable</b>    | 7,175                                    | (514)                                 | -   | 214   | -  | 6,875                                    |

<sup>#</sup> On 18 June 2017, the Company had obtained the agreement from Ms Poh Chew Hua Christine to extend the repayment period from 31 July 2017 to a date on or before 8 September 2017 for the initial principal amount of S\$2,000,000 and interest due, on the same terms (including interest rate of 15% per annum) as the subscription agreement dated 31 December 2015. As mentioned in paragraph 1(b)(ii), the bonds including interest portion was fully repaid on 11 August 2017.

**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)**

*In the consolidated statement of cash flows, the operating cash flows of Artimedia Group from April 2017 up to the date of completion, 11 August 2017, 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:*

|                                      | <b>3 months<br/>ended<br/>30 Sep 2017<br/>(Unaudited)<br/>S\$'000</b> | <b>3 months<br/>ended<br/>30 Sep 2016<br/>(Unaudited)<br/>S\$'000</b> | <b>6 months<br/>ended<br/>30 Sep 2017<br/>(Unaudited)<br/>S\$'000</b> | <b>6 months<br/>ended<br/>30 Sep 2016<br/>(Unaudited)<br/>S\$'000</b> |
|--------------------------------------|---|---|---|---|
| Operating cash outflows              | (2,747)   | (2,982)   | (3,328)   | (4,201)   |
| Investing cash outflows              | (84)  | (10)  | (89)  | (42)  |
| Financing cash inflows               | -   | 1,519   | 2,000   | 5,710   |
| <b>Total cash (outflows)/inflows</b> | <b>(2,831)</b>  | <b>(1,473)</b>  | <b>(1,417)</b>  | <b>1,467</b>  |

**Note**

On 11 August 2017, the Company disposed of its entire interest in Artimedia Group for a cash consideration of S\$5.00 million. The first installment of S\$3.00 million was received on 11 August 2017. The effects of the disposal of Artimedia Group on the cash flows of the Group were as follows:

|   | <b>11 Aug 2017<br/>(Unaudited)<br/>S\$'000</b> |
|---|--|
| <b>Carrying amounts of assets and liabilities disposed of</b>                         |  |
| Plant and equipment   | 158  |
| Intangible assets   | 35   |
| Trade and other receivables   | 15,693   |
| Other current assets  | 153  |
| Cash and cash equivalents   | 2,290  |
|   | <u>18,329</u>                                  |
| Less:   |  |
| Impairment of assets held-for-sale  | <u>(6,887)</u>                                 |
| <b>Total assets</b>   | <u>11,442</u>                                  |
| <br>  |  |
| Trade payables and other liabilities  | 5,416  |
| Loan from third party   | 2,014  |
| <b>Total liabilities</b>  | <u>7,430</u>                                   |
| <br>  |  |
| <b>Net assets disposed of</b>   | 4,012  |
| Currency translation difference arising from consolidation for disposal of subsidiary | 1,175  |
| Less:   |  |
| Loss on disposal  | <u>(187)</u>                                   |
| Cash consideration from disposal  | 5,000  |
| Less: Outstanding payments  | <u>(2,000)</u>                                 |
| <b>Net cash inflow on disposal</b>  | <u><u>3,000</u></u>                            |

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<br>capital | Currency<br>translation<br>reserve | Share-based<br>compensation<br>reserve | Capital<br>reserve | Accumulated<br>losses | Total<br>attributable<br>to equity<br>holders of the<br>Company |
|---|------------------|------------------------------------|--|--------------------|-----------------------|---|
|   | S\$'000          | S\$'000                            | S\$'000                                | S\$'000            | S\$'000               | S\$'000   |
| <b>(Unaudited)</b>  |                  |                                    |  |                    |                       |   |
| <b>Balance as at 1 April 2016</b>   | 51,402           | (190)                              | 3,091                                  | -*                 | (55,490)              | (1,187)   |
| Loss for the period   | -                | -                                  | -                                      | -                  | (6,360)               | (6,360)   |
| Other comprehensive loss for the period   | -                | (104)                              | -                                      | -                  | -                     | (104)   |
| Total comprehensive loss for the period   | -                | (104)                              | -                                      | -                  | (6,360)               | (6,464)   |
| Value of employee services received for issue of share options and share awards | -                | -                                  | 836                                    | -                  | -                     | 836   |
| Renounceable and non-underwritten Rights issue                                  | 13,057           | -                                  | -                                      | -                  | -                     | 13,057  |
| Share issue expenses  | (121)            | -                                  | -                                      | -                  | -                     | (121)   |
| <b>Balance as at 30 September 2016</b>  | <b>64,338</b>    | <b>(294)</b>                       | <b>3,927</b>                           | <b>-*</b>          | <b>(61,850)</b>       | <b>6,121</b>  |
| <b>(Unaudited)</b>  |                  |                                    |  |                    |                       |   |
| <b>Balance as at 1 April 2017</b>   | 68,787           | (896)                              | 2,538                                  | -*                 | (71,346)              | (917)   |
| Loss for the period   | -                | -                                  | -                                      | -                  | (3,269)               | (3,269)   |
| Other comprehensive loss for the period   | -                | 984                                | -                                      | -                  | -                     | 984   |
| Total comprehensive loss for the period   | -                | 984                                | -                                      | -                  | (3,269)               | (2,285)   |
| Writeback of employee services received for issue of share options              | -                | -                                  | (15)                                   | -                  | -                     | (15)  |
| Exercise of option shares   | 3,000            | -                                  | -                                      | -                  | -                     | 3,000   |
| Share issue expenses  | (10)             | -                                  | -                                      | -                  | -                     | (10)  |
| <b>Balance as at 30 September 2017</b>  | <b>71,777</b>    | <b>88</b>                          | <b>2,523</b>                           | <b>-*</b>          | <b>(74,615)</b>       | <b>(227)</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

| Company  | Share capital<br>S\$'000 | Share-based<br>compensation<br>reserve<br>S\$'000 | Capital<br>reserve<br>S\$'000 | Accumulated<br>losses<br>S\$'000 | Total<br>equity<br>S\$'000 |
|--|--------------------------|---|-------------------------------|----------------------------------|----------------------------|
| <b>(Unaudited)</b>   |                          |   |                               |                                  |                            |
| <b>Balance as at 1 April 2016</b>  | 51,402                   | 3,091   | -*                            | (50,340)                         | 4,153                      |
| Total comprehensive loss for the period  | -                        | -   | -                             | (2,789)                          | (2,789)                    |
| Value of employee services received for issue of<br>share options and share awards | -                        | 836   | -                             | -                                | 836                        |
| Renounceable and non-underwritten Rights Issue                                     | 13,057                   | -   | -                             | -                                | 13,057                     |
| Share issue expenses   | (121)                    | -   | -                             | -                                | (121)                      |
| <b>Balance as at 30 September 2016</b>   | <b>64,338</b>            | <b>3,927</b>                                      | <b>-*</b>                     | <b>(53,129)</b>                  | <b>15,136</b>              |
| <b>(Unaudited)</b>   |                          |   |                               |                                  |                            |
| <b>Balance as at 1 April 2017</b>  | 68,787                   | 2,538   | -*                            | (75,483)                         | (4,158)                    |
| Total comprehensive loss for the period  | -                        | -   | -                             | (1,907)                          | (1,907)                    |
| Writeback of employee services received for issue of<br>share options              | -                        | (15)  | -                             | -                                | (15)                       |
| Exercise of option shares  | 3,000                    | -   | -                             | -                                | 3,000                      |
| Share issue expenses   | (10)                     | -   | -                             | -                                | (10)                       |
| <b>Balance as at 30 September 2017</b>   | <b>71,777</b>            | <b>2,523</b>                                      | <b>-*</b>                     | <b>(77,390)</b>                  | <b>(3,090)</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 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<br>S\$'000 |
|---|------------------|--------------------------|
| <b>Issued and fully paid-up ordinary shares</b>           |                  |                          |
| Balance as at 30 June 2017 and as at<br>30 September 2017 | 1,797,792,986    | 71,777                   |

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 September 2017 was 796,605,555 (30 September 2016: 188,757,267), comprising the following:-

(a) Employee share options and employee share awards

As at 30 September 2017, the total number of outstanding employee share options and employee share awards were 7,300,000 and NIL respectively (30 September 2016: 28,213,000 and 33,100,000 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 21 September 2017, none of the SEPTEMBER Options was exercised and had, accordingly, expired on the same date.

(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 an 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 31 July 2017, the Company announced that it had, on 31 July 2017, obtained an agreement from Ms Poh to further extend the repayment date from 31 July 2017 to a date on or before 8 September 2017, on the same terms as the subscription agreement dated 31 December 2015 (including interest rate of 15% per annum).

On 11 August 2017, the Company redeemed the 2015 December Bonds (inclusive of interests). Following such redemption, the 2015 December Bonds were cancelled and there were no 2015 December Bonds or any interest outstanding.

**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)

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).

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 September 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 ("**Shareholders**") 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\$3.00 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 September 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 September 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 September 2017 and 30 September 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><br><u>30 September 2017</u> | <u>As at</u><br><u>31 March 2017</u> |
|--------------------------------|--|--------------------------------------|
| <b>Number of issued shares</b> | 1,797,792,986                            | 1,612,607,801                        |

The Company did not have any treasury shares as at 30 September 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 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:**

Basic and diluted 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/year.

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

The Company had two categories of potentially dilutive ordinary shares, namely share options and call options as at 30 September 2017 (30 September 2016: 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.

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 September 2017 | As at 30 September 2016 |
|--------------------------|-------------------------|-------------------------|
| 22 December 2011         | Expired                 | 4,563,000               |
| 22 August 2012           | Expired                 | 6,370,000               |
| 22 April 2014            | 7,300,000               | 17,280,000              |
| 17 April 2015            | Expired                 | 63,694,267              |
| 22 September 2015        | Expired                 | 30,000,000              |
| 31 December 2015         | 33,750,000              | 33,750,000              |
| 27 December 2016         | 555,555,555             | Not Applicable          |
| 5 April 2017             | 200,000,000             | Not applicable          |

|  | 3 Months                     |                              | 6 Months                     |                              |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
|  | 1 Jul 2017 to<br>30 Sep 2017 | 1 Jul 2016 to<br>30 Sep 2016 | 1 Apr 2017 to<br>30 Sep 2017 | 1 Apr 2016 to<br>30 Sep 2016 |
| Basic and diluted loss per share (S\$ cents) |                              |                              |                              |                              |
| Continuing operations                        | (0.05)                       | (0.18)                       | (0.13)                       | (0.32)                       |
| Discontinued operations                      | (0.07)                       | (0.04)                       | (0.05)                       | (0.20)                       |
| <b>Total</b>                                 | <b>(0.12)</b>                | <b>(0.22)</b>                | <b>(0.18)</b>                | <b>(0.52)</b>                |

The basic and diluted loss per share was computed based on the weighted average number of shares of 1,797,792,986 (30 September 2016: 1,334,830,024) shares for the 3 months ended 30 September ("3M") 2017 and 1,791,721,341 (30 September 2016: 1,225,434,959) shares for the 6 months ended 30 September ("6M") 2017. Although the options granted were dilutive in nature, diluted loss per share for 3M2017, 3M2016, 6M2017 and 6M2016 were the same as the basic loss per share as the Group has incurred losses in the respective period.

7. Net liability 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<br>30 September 2017 | As at<br>31 March 2017 | As at<br>30 September 2017 | As at<br>31 March 2017 |
| Net liability value per ordinary share (S\$ cents) | (0.01)                     | (0.06)                 | (0.17)                     | (0.26)                 |

Net liability value per ordinary share is calculated based on 1,797,792,986 shares in issue as at 30 September 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 H1 2018 was S\$2.28 million, as compared to S\$3.60 million for the previous corresponding period ended 30 September 2016 ("**H1 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\$0.54 million in H1 2018, from S\$1.26 million in H1 2017. Gross profit margin also decreased to 24% in H1 2018, from 35% in H1 2017, as a result of lower economies of scale.

The Group recorded other gains (net) of S\$0.01 million in H1 2018, as compared to other losses (net) of S\$0.07 million in H1 2017. This was mainly due to offsetting effects of the following:

1. smaller currency translation gain of S\$0.03 million in H1 2018, as compared to S\$0.18 million in H1 2017;
2. smaller fair-value gain in H1 2018 of S\$0.01 million on derivative financial instruments arising from a foreign currency convertible loan and bonds, as compared to S\$0.31 million in H1 2017;
3. no impairment loss on available-for-sale financial asset in H1 2018, as compared to impairment loss of S\$0.61 million in H1 2017;
4. loss on disposal of Artimedia Group of S\$0.19 million in H1 2018, mainly arising from the reclassification of currency translation difference resulting from the consolidation of Artimedia Group; and
5. higher other income of S\$0.14 million in H1 2018, as compared to S\$0.04 million in H1 2017, arising largely from the write back of unclaimed liabilities from the past customers largely from security business after the expiration of 6 years from the date on which the cause of action accrued that is in accordance to the Limitation Act paragraph 6.

**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)

***Continuing operations*** (continued)

The aggregate distribution, administrative and finance expenses for H1 2018 decreased by S\$2.15 million mainly due to the following:

1. decrease in the accrual of share-based compensation expenses of S\$0.69 million as there was no share awards granted in H1 2018, whereas there was accrual of share-based compensation expenses on the grant of share awards under the Artivision Share Award Scheme in H1 2017;
2. decrease in overall payroll costs of S\$0.10 million mainly due to a decrease in headcount of the Group;
3. decrease in interest expenses of S\$1.05 million incurred on the Convertible Loan, as the Convertible Loan was fully redeemed in April 2017; and
4. decrease in interest expenses of S\$0.73 million incurred on the Bonds as one of the bonds was repaid on 11 August 2017.

The aforementioned decrease in expenses was partially offset by the following:

1. professional fees incurred in connection with the disposal of Artimedia Group and search for new business opportunities of S\$0.29 million in H1 2018;
2. audit fee in respect of the previous financial year ended 31 March 2017 of S\$0.06 million in H1 2018, which was underprovided for in the prior year;
3. unrecoverable GST of S\$0.05 million as it is not directly attributable to the taxable supplies under the GST regulations; and
4. expenses incurred by the Company in relation to the re-instatement of office of S\$0.02 million arising from the termination of the lease of one of the office.

The Group recorded loss from discontinued operations of S\$0.81 million in H1 2018, as compared to S\$2.40 million in H1 2017. Please refer to the financial performance of the discontinued operations below.

Due to the factors above, the Group incurred a total net loss of S\$3.27 million in H1 2018, as compared to S\$6.36 million in H1 2017.

***Discontinued operations***

Discontinued operations relate to Artimedia Group. The financial results of Artimedia Group continued to be consolidated as part of the Group's results as shown as a separate line as discontinued operations up to the completion of the disposal of Artimedia Group on 11 August 2017.

Revenue from the discontinued operations increased to S\$7.75 million in H1 2018, from S\$6.79 million in H1 2017, due to the increase in the number of usage of the media technology by more advertisers and advertising agencies.

**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)

##### ***Discontinued operations*** (continued)

The improvement in gross profit from the discontinued operations from S\$0.56 million in H1 2017 to S\$1.43 million in H1 2018 was due to better economies of scale as a result of the increase in revenue.

In H1 2018, the discontinued operations recorded other losses (net) of S\$0.01 million as compared to other gains (net) of S\$0.22 million in H1 2017. The change on currency translation differences were mainly attributable to the US Dollars denominated intercompany loan from the Company to the discontinued operations.

The aggregate distribution, administrative and finance expenses from discontinued operations decreased from S\$3.18 million in H1 2017 to S\$2.21 million in H1 2018. The decrease of S\$0.97 million was mainly due to the following:

1. decrease in the payroll expenses of S\$0.53 million due to reduction in headcount;
2. decrease in the accrual of share-based compensation expenses of S\$0.16 million as there was no share awards granted in H1 2018, while there was an accrual of share-based compensation expenses on the grant of share awards under the Artivision Share Award Scheme in H1 2017; and
3. decrease in IT outsourcing expenses of S\$0.25 million.

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

##### **Current assets**

Current assets decreased to S\$5.29 million as at 30 September 2017, from S\$14.05 million as at 31 March 2017. This was mainly due to (i) the completion of the disposal of Artimedia Group on 11 August 2017 which resulted in a decrease in the assets of the disposal group classified as held-for-sale of S\$9.08 million; and (ii) a decrease in cash and cash equivalents of S\$1.64 million, partially offset by an increase in trade and other receivables of S\$1.98 million.

Cash and cash equivalents decreased to S\$2.40 million as at 30 September 2017, from S\$4.04 million as at 31 March 2017. Please refer to the Consolidated Statement of Cash Flows for an explanation of the decrease.

Trade and other receivables increased to S\$2.46 million as at 30 September 2017, from S\$0.47 million as at 31 March 2017, mainly due to the outstanding receivable of the cash consideration on the sale of Artimedia Group of S\$2.00 million which remained outstanding.

##### **Non-current assets**

Non-current assets declined to S\$2.67 million as at 30 September 2017, from S\$3.09 million as at 31 March 2017. The decrease was due to decreases of S\$0.30 million in property, plant and equipment, and S\$0.13 million in intangible assets, due to depreciation and amortisation changes, respectively.

**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

Total liabilities decreased to S\$8.19 million as at 30 September 2017, from S\$18.05 million as at 31 March 2017. This was mainly due to decreases in (i) convertible loan of S\$5.52 million; (ii) bonds payable of S\$0.30 million; and (iii) liabilities of disposal group classified as held-for-sale of S\$4.08 million.

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

Bonds payable decreased to S\$6.88 million as at 30 September 2017, from S\$7.18 million as at 31 March 2017. The decrease was due to repayment of the 2015 DECEMBER Bonds of S\$2.30 million (including interest of S\$0.30 million up to 30 December 2016) on 11 August 2017, which was partially offset by proceeds received from the 2017 APRIL Bonds of S\$2.00 million.

The liabilities of disposal group classified as held-for-sale comprised the liabilities of Artimedia Group, which the Group completed the disposal of on 11 August 2017.

The Group recorded negative working capital of S\$2.89 million as at 30 September 2017, as compared to S\$4.00 million as at 31 March 2017.

Equity

The Group had negative equity of S\$0.22 million as at 30 September 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 by Mr Tee at S\$3.00 million and an increase in other reserves. This was partially offset by losses incurred in H1 2018.

The Company's equity decreased from a deficit of S\$4.16 million as at 31 March 2017 to a smaller deficit of S\$3.09 million as at 30 September 2017, mainly due to an increase in share capital in H1 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.

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

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

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

Net cash used in operating activities for H1 2018 was S\$4.52 million, mainly due to operating cash flow before changes in working capital of S\$2.27 million as well as an increase in trade and other receivables of S\$3.80 million. The increase was partially offset by increase in trade and other payables of S\$1.46 million.

Net cash from investing activities for H1 2018 was S\$2.91 million, due to the partial sales proceeds received of S\$3.00 million on the disposal of Artimedia Group which was completed on 11 August 2017, partially offset by an addition of plant and equipment of S\$0.09 million.

Net cash used in financing activities for H1 2018 was S\$1.46 million, due to the repayment of the Convertible Loan of S\$5.93 million (including interest) and the 2015 DECEMBER Bonds of S\$2.51 million (including interest). The decrease was partially offset by net proceeds of S\$3.00 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 disposal group 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 disposal of the Artimedia Group was completed on 11 August 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 announced by the Company on 25 October 2017, CAT had discussions with the customer to explore the possibility of increasing its revenue and margin, but was unable to reach an agreement with the customer. Accordingly, the Company decided not to renew the contract with the customer when it expires in March 2018. The non-renewal of the Agreement (which expires in March 2018) is expected to have a negative impact on the net tangible assets per share and earnings per share of the Group for the current financial year ending 31 March 2018.

#### **Proposed Acquisition**

As announced by the Company on 31 October 2017, the Company had, on the same day, entered into a non-binding heads of agreement (the "**HOA**") with Mobile Credit Payment Pte Ltd (the "**Target**") in respect of the proposed acquisition by the Company of all the ordinary shares and convertible bonds issued by the Target at a consideration of S\$80.0 million ("**Proposed Acquisition**"). The consideration will be satisfied by the Company issuing new shares in the capital of the Company to the Target at S\$0.014 per new share. The Company believes that the aforementioned acquisition will enable the Company to capitalise on Singapore's recent push towards cashless payments, and the strong and increasing demand for e-payment systems in Southeast Asia.



**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.** (continued)

Proposed Acquisition (continued)

Please refer to the Company's announcement dated 31 October 2017 in relation to the Proposed Acquisition for further information. The Company will make further announcements as and when there is material development on the Proposed Acquisition. The HOA sets out certain terms and conditions which will form the broad basis of the definitive agreements to be entered into in relation to the Proposed Acquisition.

Shareholders should note that the HOA is not legally binding (save for certain terms, including the exclusivity period, non-competition and non-solicitation, warranties and confidentiality) and does not address all the material terms of the Proposed Acquisition. Such terms will be addressed in the definitive agreements, including a sale and purchase agreement, to be entered into between the Company and the Vendors. There is no certainty or assurance that the definitive agreements will be executed and/or the Proposed Acquisition will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition.

**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 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 on the same day.

Net proceeds from the Exercise of Options of approximately S\$2.99 million have been partially utilised as follows:

|  | <b>S\$'million</b> |
|--|--------------------|
| Net proceeds from the Exercise of Options  | 2.99               |
| <b><u>As announced by the Company on 17 April 2017, 25 May 2017, 11 July 2017 and 3 October 2017</u></b> |                    |
| Partial redemption of the Convertible Loan due on 16 April 2017  | (1.53)             |
| Amount utilised for working capital purposes   |                    |
| - Distribution expenses  | (0.02)             |
| - Administrative expenses  | (1.01)             |
| <b><u>As at the date of this announcement</u></b>  |                    |
| Amount utilised for working capital purposes   |                    |
| - Administrative expenses  | (0.18)             |
| <b>Balance as at the date of this announcement</b>   | <b>(0.25)</b>      |

The use of the aforementioned net proceeds is in accordance with the intended use as stated in the Company's announcement on 29 December 2016 in respect of, inter alia, the grant of 370,370,370 Options to Mr Tee. The Company will make periodic announcements as and when the balance of the net proceeds from the Exercise of Options is materially disbursed.

**13. Use of proceeds (continued)**

**b) Use of net proceeds from the disposal of Artimedia Group**

The Company completed the disposal of Artimedia Group on 11 August 2017. The Company had, on the same day received the first tranche payment of the cash consideration of S\$3.00 million (“**First Tranche Payment**”), out of the total consideration of S\$5.00 million. As announced by the Company on 11 August 2017, the Company had utilised approximately S\$2.51 million of the First Tranche Payment for the repayment of the outstanding bonds (inclusive of interests) due to Ms Poh.

The Company will make the necessary announcements as and when the balance of the First Tranche Payment is materially utilised.

**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 second quarter ended 30 September 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  
9 November 2017