



Company Registration No. 200407031R

# **ARTIVISION TECHNOLOGIES LTD.**

## **UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2009**

This announcement and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited, for compliance with the relevant rules of the SGX-ST. It has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 30 JUNE 2009**

	Group Three months ended 30 June			
	2009	2008	Increase/ (Decrease)	
	S\$	S\$	S\$'000	%
Revenue	54,448	91,808	(37)	(41)
Cost of goods sold	(21,782)	(61,268)	(39)	(64)
Gross profit	32,666	30,540	2	7
Distribution and selling expenses	(640,329)	(444,567)	196	44
Administrative expenses	(602,872)	(540,835)	62	11
Other operating expenses	(619,655)	(271,836)	348	128
Results from operating activities	(1,830,190)	(1,226,698)	603	49
Finance income	32,057	45,243	(13)	(29)
Finance expenses	(149,528)	(37,796)	112	296
Net finance (expenses)/ income	(117,471)	7,447	(125)	(1,677)
<b>Loss before income tax</b>	<b>(1,947,661)</b>	<b>(1,219,251)</b>	<b>728</b>	<b>60</b>
Income tax expense	(17,755)	(11,423)	6	55
<b>Loss for the period</b>	<b>(1,965,416)</b>	<b>(1,230,674)</b>	<b>735</b>	<b>60</b>
<b>Other comprehensive income:</b>				
Exchange differences on translating foreign operations	4,441	6,042	(2)	(26)
<b>Total comprehensive loss for the period</b>	<b>(1,960,975)</b>	<b>(1,224,632)</b>	<b>736</b>	<b>(60)</b>

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

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

	Group Three months ended 30 June			
	2009	2008	Increase/ (Decrease)	
	S\$	S\$	S\$'000	%
Depreciation of plant and equipment	(63,660)	(23,339)	40	173
Amortisation of intangible assets	(85,486)	(100,491)	(15)	(15)
Inventories written off	-	(314)	N.M.	N.M.
<b>Finance income</b>				
Interest income	32,057	2,219	30	1,345
Net foreign exchange gain	-	43,024	(43)	N.M.
	32,057	45,243	(13)	29
<b>Finance expense</b>				
Net foreign exchange loss	(149,519)	-	150	N.M.
Interest expense	(9)	(30,142)	(30)	(100)
Amortisation of discount on unsecured convertible loan notes	-	(7,654)	(8)	N.M.
	(149,528)	(37,796)		

*N/M – not meaningful*

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009

	Group		Company	
	30 June 2009 S\$	31 March 2009 S\$	30 June 2009 S\$	31 March 2009 S\$
<b>Non-current assets</b>				
Plant and equipment	525,165	514,547	409,518	402,689
Intangible assets	131,989	100,568	116,000	84,827
Investment in subsidiaries	-	-	949	753
Other investment	1,189	1,189	1,370	1,370
Other receivables	10,265	12,665	10,265	12,665
Long term fixed deposits	2,000,000	2,000,000	2,000,000	2,000,000
	<b>2,668,608</b>	<b>2,628,969</b>	<b>2,538,102</b>	<b>2,502,304</b>
<b>Current assets</b>				
Inventories	111,944	83,797	111,944	83,797
Trade and other receivables	360,324	404,641	1,536,118	1,717,254
Cash and cash equivalents	6,603,242	8,393,889	5,929,555	7,701,027
	<b>7,075,510</b>	<b>8,882,327</b>	<b>7,577,617</b>	<b>9,502,078</b>
<b>Total assets</b>	<b>9,744,118</b>	<b>11,511,296</b>	<b>10,115,719</b>	<b>12,004,382</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	24,175,776	24,175,776	24,175,776	24,175,776
Reserves	166,877	116,518	167,629	121,711
Accumulated losses	(15,400,391)	(13,434,975)	(14,580,175)	(12,547,449)
<b>Total equity</b>	<b>8,942,262</b>	<b>10,857,319</b>	<b>9,763,230</b>	<b>11,750,038</b>
<b>Current liabilities</b>				
Trade and other payables	801,856	653,977	352,489	254,344
<b>Total liabilities</b>	<b>801,856</b>	<b>653,977</b>	<b>352,489</b>	<b>254,344</b>
<b>Total equity and liabilities</b>	<b>9,744,118</b>	<b>11,511,296</b>	<b>10,115,719</b>	<b>12,004,382</b>

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

Amount repayable in one year or less, or on demand

<b>As at 30 June 2009</b>		<b>As at 31 March 2009</b>	
Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
-	-	-	-

\* Convertible loan notes and derivative financial instrument

Amount repayable after one year

<b>As at 30 June 2009</b>		<b>As at 31 March 2009</b>	
Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
-	-	-	-

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FIRST QUARTER ENDED 30 JUNE 2009**

	<b>Group</b>	
	<b>30 June 2009</b>	<b>30 June 2008</b>
	<b>S\$</b>	<b>S\$</b>
<b>Cash Flow from Operating Activities</b>		
Loss before income tax	(1,947,661)	(1,219,251)
<b>Adjustments for:</b>		
Amortisation of intangible assets	85,486	100,491
Depreciation of plant and equipment	63,660	23,339
Exchange differences	138,601	(12,883)
Equity-settled commission	-	95,000
Net finance (income)/expenses	(32,048)	35,577
Plant and equipment written off	7,881	8,733
Value of employee services received for issue of share options	45,918	20,484
	<u>(1,638,163)</u>	<u>(948,510)</u>
<b>Changes in working capital:</b>		
Inventories	(28,147)	(47,398)
Trade and other receivables	50,202	(380,750)
Trade and other payables	147,879	33,436
	<u>(1,468,229)</u>	<u>(1,343,222)</u>
<b>Cash used in operations</b>	<b>(1,468,229)</b>	<b>(1,343,222)</b>
Interest received	28,573	2,219
Interest paid	(9)	(30,142)
Tax paid	(17,755)	-
	<u>(1,457,420)</u>	<u>(1,371,145)</u>
<b>Cash flows used in operating activities</b>	<b>(1,457,420)</b>	<b>(1,371,145)</b>
Purchase of intangible assets	(116,565)	-
Purchase of plant and equipment	(79,468)	-
	<u>(196,033)</u>	<u>-</u>
<b>Cash flows used in investing activities</b>	<b>(196,033)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,653,453)</b>	<b>(1,371,145)</b>
Cash and cash equivalents at beginning of the year	10,393,889	2,670,142
Effect of exchange rates fluctuations	(137,194)	(52,516)
	<u>8,603,242</u>	<u>1,246,481</u>
<b>Cash and cash equivalents at end of the period</b>	<b>8,603,242</b>	<b>1,246,481</b>

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.

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 30 JUNE 2009**

Group	Share capital	Equity payment reserve	Foreign currency translation reserve	Share option reserve	Accumulated losses	Total equity
	S\$	S\$	S\$	S\$	S\$	S\$
<b>At 1 April 2008</b>	5,592,970	2,000,000	7,087	30,588	(6,236,189)	1,394,456
Value of employee services received for issue of share options	-	-	-	20,484	-	20,484
Issue of shares for the settlement of equity commission	95,000	-	-	-	-	95,000
Conversion of convertible loan note and derivative financial instrument to shares	2,090,308	-	-	-	-	2,090,308
Transfer from equity payment reserve	2,000,000	(2,000,000)	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	6,042	-	(1,230,674)	(1,224,632)
<b>At 30 June 2008</b>	<u>9,778,278</u>	<u>-</u>	<u>13,129</u>	<u>51,072</u>	<u>(7,466,863)</u>	<u>2,375,616</u>
<b>At 1 April 2009</b>	24,175,776	-	(5,193)	121,711	(13,434,975)	10,857,319
Value of employee services received for issue of share options	-	-	-	45,918	-	45,918
Total comprehensive income/(loss) for the period	-	-	4,441	-	(1,965,416)	(1,960,973)
<b>At 30 June 2009</b>	<u>24,175,776</u>	<u>-</u>	<u>(752)</u>	<u>167,629</u>	<u>(15,400,391)</u>	<u>8,942,262</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. (Cont'd)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 30 JUNE 2009**

Company	Share capital S\$	Equity payment reserve S\$	Share option reserve S\$	Accumulated losses S\$	Total equity S\$
<b>At 1 April 2008</b>	5,592,970	2,000,000	30,588	(6,116,053)	1,507,505
Value of employee services received for issue of share options	-	-	20,484	-	20,484
Issue of shares for the settlement of equity commission	95,000	-	-	-	95,000
Conversion of convertible loan note and derivative financial instrument to shares	2,090,308	-	-	-	2,090,308
Transfer from equity payment reserve	2,000,000	(2,000,000)	-	-	-
Total comprehensive loss for the period	-	-	-	(1,365,771)	(1,365,771)
<b>At 30 June 2008</b>	<b>9,778,278</b>	<b>-</b>	<b>51,072</b>	<b>(7,481,824)</b>	<b>2,347,526</b>
<b>At 1 April 2009</b>	24,175,776	-	121,711	(12,547,449)	11,750,038
Value of employee services received for issue of share options	-	-	45,918	-	45,918
Total comprehensive loss for the period	-	-	-	(2,032,726)	(2,032,726)
<b>At 30 June 2009</b>	<b>24,175,776</b>	<b>-</b>	<b>167,629</b>	<b>(14,580,175)</b>	<b>9,763,230</b>

**1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as, the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

<b>Share Capital</b>	<b>30 June 2009</b>	<b>31 March 2009</b>
<b>Issued and fully paid ordinary shares</b>		
As 1 April	475,000,000	39,873,120
After share subdivision on 21 October 2007	-	39,873,120
Issue of new shares upon unsecured conversion of convertible loan note	-	1,993,797
Transfer from equity payment reserve	-	1,331,886
Issue of shares	-	63,330
	475,000,000	43,262,133
Effect of subdivision on 18 July 2008	-	356,737,867
After share subdivision on 18 July 2008	475,000,000	400,000,000
Add: New Shares issued pursuant to the invitation	-	75,000,000
<b>At 30 June 2009/31 March 2009</b>	<b>475,000,000</b>	<b>475,000,000</b>

The total number of share options outstanding as at 30 June 2009 stands at 24,626,772 (31 March 2009: 24,626,772).

**1 (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Total number of issued shares excluding treasury shares as at the end of the current financial period (30 June 2009) :	475,000,000
The immediately preceding financial year (31 March 2009):	475,000,000

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

Not applicable.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial reporting period compared with the audited financial statements for the year ended 31 March 2009.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

**6. Loss per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

	Group	
	1 <sup>st</sup> Quarter 2010	1 <sup>st</sup> Quarter 2009
<b>Loss per share (cents)</b>		
- Basic	(0.41)	(0.33)
- Diluted	(0.41)	(0.33)

In accordance with FRS 33 – *Earnings Per Share*, for the purpose of calculation of the diluted loss per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options, with the potential ordinary shares weighted for the period outstanding.

An employee share option to convert into 20,846,772 (expiring on 27 November 2012) and 3,780,000 (expiring on 15 January 2014) shares was not included in the computation of diluted loss per share because the employee share option are considered to be anti-dilutive potential ordinary shares.

**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 2009	As at 31 March 2009	As at 30 June 2009	As at 31 March 2009
<b>Net asset value per ordinary share (cents)</b>	1.88	2.29	2.06	2.47

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

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

## **GROUP FINANCIAL PERFORMANCE**

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

The global financial crisis continued to have an adverse impact on our security and media businesses for the three months ended 30 June 2009. Revenue for the quarter ended 30 June 2009 ("Q1 2010") decreased by 41% to S\$54,000 from S\$92,000 in quarter ended 30 June 2008 ("Q1 2009"). However, the gross profit for Q1 2010 has improved from 33% (Q1 2009) to 60% (Q1 2010) mainly due to higher sales on services, which generates higher margins. In addition, sales in Q1 2009 were mainly made to distributors for which margin was generally lower.

The distribution and selling, administrative and other operating expenses ("DA&OE") for Q1 2010 were S\$1,863,000 compared with S\$1,257,000 for Q1 2009. This was mainly due to the following:

1. Additional manpower and expenses to support our existing and future sales and marketing efforts in Asia and Europe, Middle East and Africa; and
2. Increase in research and development to further enhance and bring about new technologies and solutions.

The decrease in finance income from S\$45,000 in Q1 2009 to S\$32,000 was mainly due to a decrease in foreign exchange gains. Our finance income in Q1 2009 included a net foreign exchange gain of S\$43,000. Excluding this foreign exchange gain, finance income for Q1 2009 would be S\$2,000. The finance income in Q1 2010 was mainly interest income for funds raised during our initial public offering in August 2008 placed with the banks.

The higher finance expense in Q1 2010 of S\$150,000 related to net foreign exchange losses due to weakening of US dollar against Singapore dollar. We hold US dollar for operational purposes.

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

### **Statement of Financial Position**

Net assets decreased from S\$10,857,000 as at 31 March 2009 to S\$8,942,000 as at 30 June 2009, mainly due to utilization of funds for the Group's operations.

### **Cash flow**

Net cash used in operating activities was S\$1,457,000 for Q1 2010 was mainly due to additional manpower, increase in research and development and increase in expenses to support our existing and future sales and marketing efforts.

**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.**

Barring any unforeseen circumstances, the Group is cautiously positive on the business outlook of the security business. The Group is currently pursuing several key projects.

The business outlook for the media business is expected to improve. More positive developments are anticipated in the coming months.

**11. Dividends.**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended.

**13. Interested person transactions**

Nil.

**14. Confirmation by the Board pursuant to Rule 705(5) of the Catalist Listing Manual.**

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention which may render the interim financial results for the first quarter ended 30 June 2009 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Nathaniel C.V.  
Company Secretary  
7 August 2009