

**AVI-TECH ELECTRONICS LIMITED****(Company Registration No. 198105976H)****Unaudited Financial Statements for the First Quarter ended 30 September 2014****PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS**

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the first quarter ended 30 September 2014

	Group		Change	
	1st Quarter Ended 30-Sep-14 \$'000 Unaudited	30-Sep-13 \$'000 Unaudited	\$'000	%
<b>Continuing operations</b>				
<b>Revenue</b>	7,213	6,691	522	7.8
Cost of sales	(5,932)	(5,436)	(496)	9.1
<b>Gross profit</b>	<u>1,281</u>	<u>1,255</u>	26	2.1
Other operating income	256	317	(61)	(19.2)
Distribution costs	(14)	(20)	6	(30.0)
Administrative expenses	(821)	(1,385)	564	(40.7)
Finance costs	(7)	(10)	3	(30.0)
Profit before income tax	<u>695</u>	<u>157</u>	538	n.m.
Income tax benefit/(expenses)	1	(8)	9	n.m.
Profit for the period from continuing operations	<u>696</u>	<u>149</u>	547	n.m.
<b>Discontinued operations</b>				
Profit/(Loss) for the period from discontinued operations	<u>1,014</u>	<u>(1,100)</u>	2,114	n.m.
<b>Profit/(Loss) for the period, attributable to owners of the Company</b>	<u><u>1,710</u></u>	<u><u>(951)</u></u>	2,661	n.m.
<b>Other comprehensive (loss)/income for the period:</b>				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	<u>(262)</u>	<u>70</u>	(332)	n.m.
Other comprehensive (loss)/income for the periods, net of tax	<u>(262)</u>	<u>70</u>	(332)	n.m.
<b>Total comprehensive income/(loss) for the period, attributable to owners of the Company</b>	<u><u>1,448</u></u>	<u><u>(881)</u></u>	2,329	n.m.
<b>Profit/(Loss) for the period is arrived at:-</b>				
Depreciation of property, plant and equipment	(373)	(416)	43	(10.3)
Amortisation of other intangible assets	-	(105)	105	(100.0)
Reversal of allowance for doubtful debts	176	-	176	n.m.
Reversal of allowance for inventories obsolescence	874	-	874	n.m.
Foreign currency exchange adjustment gain/(loss)	386	(221)	607	n.m.
Interest expenses	(11)	(40)	29	(72.5)
Interest income	46	111	(65)	(58.6)
Rental income	187	179	8	4.5

n.m. : not meaningful

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2014

	Group		Company	
	30-Sep-14	30-Jun-14	30-Sep-14	30-Jun-14
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>Current assets</b>				
Cash and bank balances	4,248	4,730	4,142	4,652
Fixed and call deposits	19,400	19,400	19,400	19,400
Trade receivables	4,712	3,518	4,824	3,522
Other receivables and prepayments	219	237	217	236
Inventories	2,579	3,048	2,579	3,048
Held-to-maturity financial investments	2,022	2,022	2,022	2,022
	<u>33,180</u>	<u>32,955</u>	<u>33,184</u>	<u>32,880</u>
Assets classified as held for sale and/or for distribution	1,687	1,227	291	-
Total current assets	<u>34,867</u>	<u>34,182</u>	<u>33,475</u>	<u>32,880</u>
<b>Non-current assets</b>				
Property, plant and equipment	12,682	12,511	12,682	12,501
Total non-current assets	<u>12,682</u>	<u>12,511</u>	<u>12,682</u>	<u>12,501</u>
<b>Total assets</b>	<u>47,549</u>	<u>46,693</u>	<u>46,157</u>	<u>45,381</u>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Bank loan	612	612	612	612
Trade payables	2,510	2,189	2,551	2,236
Other payables	1,511	1,718	1,503	1,703
Finance lease	39	48	39	48
	<u>4,672</u>	<u>4,567</u>	<u>4,705</u>	<u>4,599</u>
Liabilities directly associated with assets classified as held for sale and/or for distribution	1,104	1,652	-	-
Total current liabilities	<u>5,776</u>	<u>6,219</u>	<u>4,705</u>	<u>4,599</u>
<b>Non-current liabilities</b>				
Bank loan	1,455	1,608	1,455	1,608
Finance lease	-	2	-	2
Total non-current liabilities	<u>1,455</u>	<u>1,610</u>	<u>1,455</u>	<u>1,610</u>
<b>Total liabilities</b>	<u>7,231</u>	<u>7,829</u>	<u>6,160</u>	<u>6,209</u>
<b>Capital and reserves</b>				
Share capital	31,732	31,732	31,732	31,732
Treasury shares	(933)	(933)	(933)	(933)
Reserves	9,183	7,735	9,198	8,373
Equity attributable to owners of the Company	<u>39,982</u>	<u>38,534</u>	<u>39,997</u>	<u>39,172</u>
Non-controlling interests	336	330	-	-
<b>Total equity</b>	<u>40,318</u>	<u>38,864</u>	<u>39,997</u>	<u>39,172</u>
<b>Total liabilities and total equity</b>	<u>47,549</u>	<u>46,693</u>	<u>46,157</u>	<u>45,381</u>

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

**Amount repayable in one year or less, or on demand**

30 September 2014 (*)		30 June 2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
651	-	660	-

**Amount repayable after one year**

30 September 2014 (*)		30 June 2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,455	-	1,610	-

(\*) Unaudited

**Details of any collateral**

The building and leasehold improvements with a carrying amount of \$10,646,000 (30 June 2014: \$10,700,000) are mortgaged as security for a bank loan and credit facilities.

Certain plant and equipment with a carrying amount of \$55,000 (30 June 2014: \$72,000) are secured by the lessors' titles to the leased assets.

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 FLOW**  
For the first quarter ended 30 September 2014

	<b>The Group</b>	
	<b>1st Quarter Ended</b>	
	<b>30-Sep-14</b>	<b>30-Sep-13</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>		
Profit/(Loss) before income tax		
Continuing operations	695	157
Discontinued operations	1,015	(1,099)
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	373	416
Reversal of allowance for doubtful debts	(176)	-
Reversal of allowance for inventories obsolescence	(874)	-
Gain on disposal of property, plant and equipment	(1)	-
Amortisation of other intangible assets	-	12
Interest expenses	11	40
Interest income	(46)	(111)
Operating cash flows before movements in working capital	<u>997</u>	<u>(585)</u>
Trade receivables	(906)	2,214
Other receivables and prepayments	(815)	26
Inventories	1,593	(740)
Trade payables	(95)	(938)
Other payables	<u>(335)</u>	<u>(463)</u>
Cash from/(used in) operations	439	(486)
Income tax refund	1	25
Interest paid	(11)	(40)
Interest received	<u>46</u>	<u>111</u>
Net cash from/(used in) operating activities	<u>475</u>	<u>(390)</u>
<b>Investing activities</b>		
Additions to property, plant and equipment	(554)	(173)
Proceeds from maturity of held-to-maturity investments	-	3,612
Proceeds from disposal of property, plant and equipment	19	10
Withdrawals from/(Placements of) fixed deposits	<u>1,000</u>	<u>(18,000)</u>
Net cash from/(used in) investing activities	<u>465</u>	<u>(14,551)</u>
<b>Financing activities</b>		
Repayment of finance lease obligations	(11)	(12)
Repayment of bank loan	<u>(153)</u>	<u>(153)</u>
Net cash used in financing activities	<u>(164)</u>	<u>(165)</u>
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>	(249)	223
Net increase/(decrease) in cash and cash equivalents	527	(14,883)
Cash and cash equivalents at beginning of financial period	<u>21,448</u>	<u>21,735</u>
<b>Cash and cash equivalents at end of financial period (NOTE A)</b>	<u>21,975</u>	<u>6,852</u>

**NOTE A**

	<b>The Group</b>	
	<b>1st Quarter Ended</b>	
	<b>30-Sep-14</b>	<b>30-Sep-13</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents consists of:		
Cash and bank balances	4,575	4,852
Fixed and call deposits	<u>17,400</u>	<u>2,000</u>
	<u>21,975</u>	<u>6,852</u>

Cash and cash equivalents comprise cash on hand, cash at bank and demand deposits (maturity within 3 months) that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1(d)(i) A statement for the Group and Company showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization 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 September 2014

GROUP	Attributable to owners of the Company							Total \$'000
	Share capital \$'000	Treasury shares \$'000	Currency translation reserve \$'000	Share option reserve \$'000	Retained earnings \$'000	Total reserves \$'000	Non-controlling interest <sup>(1)</sup> \$'000	
<b>Balance at 1 July 2014</b>	31,732	(933)	116	17	7,602	7,735	330	38,864
Total comprehensive income for the period	-	-	(262)	-	1,710	1,448	-	1,448
Non-controlling interests relating to outstanding share-based payment transactions of a subsidiary	-	-	-	-	-	-	6	6
<b>Balance at 30 September 2014 (*)</b>	<b>31,732</b>	<b>(933)</b>	<b>(146)</b>	<b>17</b>	<b>9,312</b>	<b>9,183</b>	<b>336</b>	<b>40,318</b>
<b>Balance at 1 July 2013</b>	31,732	(933)	(34)	17	17,534	17,517	336	48,652
Total comprehensive income for the period	-	-	70	-	(951)	(881)	-	(881)
Non-controlling interests relating to outstanding share-based payment transactions of a subsidiary	-	-	-	-	-	-	(6)	(6)
<b>Balance at 30 September 2013 (*)</b>	<b>31,732</b>	<b>(933)</b>	<b>36</b>	<b>17</b>	<b>16,583</b>	<b>16,636</b>	<b>330</b>	<b>47,765</b>

(\*) Unaudited

(1) Representing share option reserve of a subsidiary

COMPANY	Share capital \$'000	Treasury shares \$'000	Share option reserves \$'000	Retained earnings \$'000	Total reserves \$'000	Total \$'000
	<b>Balance at 1 July 2014</b>	31,732	(933)	17	8,356	8,373
Total comprehensive income for the period	-	-	-	825	825	825
<b>Balance at 30 September 2014 (*)</b>	<b>31,732</b>	<b>(933)</b>	<b>17</b>	<b>9,181</b>	<b>9,198</b>	<b>39,997</b>
<b>Balance at 1 July 2013</b>	31,732	(933)	17	12,652	12,669	43,468
Total comprehensive income for the period	-	-	-	447	447	447
<b>Balance at 30 September 2013 (*)</b>	<b>31,732</b>	<b>(933)</b>	<b>17</b>	<b>13,099</b>	<b>13,116</b>	<b>43,915</b>

(\*) Unaudited

**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.**

Since the end of the previous period reported on (i.e. 30 June 2014), there was no change in the Company's share capital during the three months ended 30 September 2014.

As at 30 September 2014, there was no outstanding share option/warrant/convertible security of the Company, save for the aggregate of 670,000 unissued shares comprised in options granted on 3 July 2012 and 16 November 2012 pursuant to the Avi-Tech Employee Share Option Scheme (30 June 2014: 670,000). These options were granted with an exercise price set at a discount to the then market price and therefore may only be exercisable after the second anniversary from the date of the grant.

	<b>As at 30 September 2014</b>	<b>As at 30 September 2013</b>
<b>Number of shares that may be issued on conversion of all the outstanding convertibles</b>	NIL	NIL
<b>Treasury Shares</b>	7,978,000	7,978,000
<b>Total number of issued shares excluding treasury shares</b>	342,422,096	342,422,096

Pursuant to the share buyback mandate originally approved by the shareholders on 29 October 2008 and renewed subsequently, the Company purchased a total of 7,978,000 shares through on-market purchases transacted on the Singapore Exchange Securities Trading Limited. The total amount paid for the purchases was approximately \$933,000 which has been deducted from shareholders' equity. All the repurchased shares are held as treasury shares.

**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**

<b>Total number of issued shares excluding treasury shares</b>	<b>Number of shares</b>
Balance as at 30 September 2014	342,422,096
Balance as at 30 June 2014	342,422,096

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

As at 30 September 2014, there were no sales, transfers, disposals, cancellations and/or use of treasury shares.

**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 Company's 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 computations as in the Company's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation as in the Group's most recently audited annual financial statements, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 July 2014, which may result in more extensive disclosures in the financial statements.

**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.**

See item 4 above.

**6. Earnings per ordinary shares of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year.**

Group	1 <sup>st</sup> Quarter ended 30 September	
	FY2015	FY2014
<b>Earnings/(Loss) per ordinary shares (cents) ("EPS")</b>		
<b>For continuing and discontinued operations</b>		
Basic	0.50	(0.28)
Diluted	0.50	(0.28)
<b>For continuing operations</b>		
Basic	0.20	0.04
Diluted	0.20	0.04
Weighted average number of ordinary shares in issue for basic EPS	342,422,096	342,422,096
Weighted average number of ordinary shares in issue for diluted EPS	343,092,096	343,092,096

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

	GROUP		COMPANY	
	30-Sep-2014	30-Jun-2014	30-Sep-2014	30-Jun-2014
Net assets value per ordinary share (cents):	11.68	11.25	11.68	11.44
Number of ordinary shares at period/year end	342,422,096	342,422,096	342,422,096	342,422,096

As of the balance sheet date, the numbers of ordinary shares of the Group and Company used for the above calculation have been adjusted to exclude the number of treasury shares.

8. **Review of Group Performance for the First Quarter ended 30 September 2014 (“1Q 2015”) vs. First Quarter ended 30 September 2013 (“1Q 2014”).**

#### **STATEMENT OF COMPREHENSIVE INCOME**

##### **Revenue from continuing operations**

In 1Q 2015, the Group reported a revenue of \$7.2 million, an increase of \$0.5 million or 7.8% as compared to 1Q 2014 of \$6.7 million. While the Burn-in Boards and Board Manufacturing business segment registered a lower sales from \$4.7 million in 1Q 2014 to \$3.4 million in 1Q 2015, it remained the largest single business segment that contributes to the revenue. The Burn-in Services and Engineering Services business segments reported higher revenue of \$1.3 million and \$2.5 million in 1Q 2015 respectively, as compared to \$1.0 million and \$1.0 million respectively in 1Q 2014. As a result, 1Q 2015 registered a net growth.

##### **Gross profit from continuing operations**

The Group reported a gross profit of \$1.28 million for 1Q 2015, an increase of \$0.03 million or 2.1% as compared to \$1.25 million for 1Q 2014. The Burn-in Boards and Board Manufacturing business segment continues to lead the Group's gross profit, contributing \$0.84 million or 65.6% in 1Q 2015 of the Group's overall gross profit.

Gross profit margin over that period had conversely decreased from 18.7% in 1Q 2014 to 17.8% in 1Q 2015. The decrease in gross profit margin was primarily due to the lower sales contributed by the Burn-in Boards and Board Manufacturing business segment which has the highest gross profit margin across all business segments of the group.

##### **Profit for the period**

The Group reported a profit of \$1.7 million for 1Q 2015 as compared to a loss of \$1.0 million for 1Q 2014. The transition from loss-making to profitability was attributed to the discontinued operations of the US subsidiaries, Imaging Equipment and Energy Efficient Products business segments (inclusive sales of impaired assets), which registered a net profit of \$1.0 million in 1Q 2015, as compared to loss of \$1.1 million in 1Q 2014. Moreover, the result of cost control measures and favorable exchange rates had also contributed to the net profits with the reduction of administrative expenses from \$1.4 million in 1Q 2014 to \$0.8 million in 1Q 2015.



## **DISCONTINUED OPERATIONS**

The Company had started the process to discontinue the operations of the two subsidiaries in the United States during the last quarter of FY 2014.

On 30 September 2014, the assets and liabilities attributable to the discontinued operations, which are expected to be sold or distributed to the holding company within twelve months from 30<sup>th</sup> June 2014, have been classified as a disposal group held for sale and/or distribution and are presented separately in the statement of financial position.

The results of the discontinued operations, Imaging Equipment and Energy Efficient Products business segments are as follows:

	1st Quarter Ended	
	30-Sep-14	30-Sep-13
	\$'000	\$'000
	Unaudited	Unaudited
Revenue	1,288	2,212
Total expenses	<u>(273)</u>	<u>(3,311)</u>
Profit/(Loss) before income tax*	1,015	(1,099)
Income tax expenses	<u>(1)</u>	<u>(1)</u>
Profit/(Loss) for the period	<u><u>1,014</u></u>	<u><u>(1,100)</u></u>

\* Includes sales and recovery of impaired assets

The Company has contracted for the sales of impaired assets of the discontinued operations of the Camera Business and Life Science Business of Aplegen, Inc. (being one of the US subsidiaries of the Company), and expects to receive a further revenue of approximately US\$1 million, over FY2015.

## **STATEMENT OF FINANCIAL POSITION**

Total Group's assets increased by \$0.8 million or 1.7% from \$46.7 million as at 30 June 2014 to \$47.5 million as at 30 September 2014. The increase was primarily due to the increase in trade receivables of \$1.2 million and partially offset by the decrease in inventories of \$0.4 million.

Total Group's liabilities decreased by \$0.6 million or 7.6% from \$7.8 million as at 30 June 2014 to \$7.2 million as at 30 September 2014. The decrease was primarily due to the reduction in liabilities directly associated with assets classified as held for sale and/or for distribution of \$0.5 million as a result from the repayment of trade and other payables.

The Group had a positive working capital of \$29.0 million as at 30 September 2014 as compared with \$28.0 million as at 30 June 2014.

## **STATEMENT OF CASH FLOW**

The Group generated net cash from operating activities of \$0.5 million for 1Q 2015. This was primarily due to profit generated during the quarter, and cash generated from the sales of inventories.

Net cash generated from investing activities was \$0.5 million, which was mainly due to the withdrawals from fixed deposits placed with financial institutions with over three month tenures upon maturity. Net cash used in financing activities was \$0.2 million, primarily due to repayment of bank loans.

There was an increase in cash and cash equivalents of \$0.5 million to the first quarter ended 30 September 2014.

The Group closed the period with cash of \$22.0 million and with bank borrowings of \$2.1 million.

## **ASSETS CLASSIFIED AS HELD FOR SALE AND/OR FOR DISTRIBUTION**

The major classes of assets and liabilities comprising the disposal group are as follow:

	<b>30-Sep-14</b> <b>\$'000</b> <b>Unaudited</b>	<b>30-Jun-14</b> <b>\$'000</b> <b>Audited</b>
Cash and bank balances	327	318
Trade receivables	410	521
Other receivables and prepaid expenses	948	117
Inventories	2	253
Property, plant and equipment	-	18
<b>Total assets</b>	<b><u>1,687</u></b>	<b><u>1,227</u></b>
Trade payables	(316)	(733)
Other payables	(788)	(919)
<b>Total liabilities</b>	<b><u>(1,104)</u></b>	<b><u>(1,652)</u></b>
<b>Net assets/(liabilities) of disposal group</b>	<b><u>583</u></b>	<b><u>(425)</u></b>

**9. Where a forecast or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Company did not make any forecasts and prospect statements in respect of the Group's results for the period ended 30 June 2014. The Group's results for the first quarter ended 30 September 2014 were generally in line with the commentary under paragraph 10 of the Group's previous results announcement in respect of the period ended 30 June 2014.

**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.**

With the restructuring of business activities and the process of discontinuing the operations of the US subsidiaries, the Group registered a better performance for 1Q 2015 as compared to 1Q 2014. The Group is expected to receive further revenue with the sales of the impaired assets of Aplegen Inc. over FY2015.

The Group remains hopeful that the progress on the restructuring and winding down process in the US and signs of improving sales in the Burn-In Services and Engineering Services business segments will further contribute to the revenue growth.

The Group remains committed to containing costs while at the same time, proactively seeking new areas of opportunity and will evaluate all options such as mergers and acquisitions, or any structure or business which will benefit the shareholders.

**11. Dividends**

**(a) Any dividend declared for the current financial period reported on.**

No.

**(b) Any dividend declared for the corresponding period of the immediately preceding financial year?**

No.

**(c) State the tax rate and the country where the dividend is derived.**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) Books Closure Date.**

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared or recommended for the current financial period reported on.

**13. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPT"), 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 Group has not sought a general mandate from shareholders for IPTs.

**14. Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed.**

The Group raised approximately \$29.0 million from its IPO on 25 July 2007. As at 30 September 2014, the total net proceeds of approximately \$26.7 million (after deducting the IPO expenses of approximately \$2.3 million, as disclosed on page 33 of the Company's prospectus dated 11 July 2007) from the IPO were used for the following purposes:

	<b>Use of IPO proceeds as at 30 September 2014 (S\$ million)</b>	<b>Balance as at 30 September 2014 (S\$ million)</b>
Expansion of our customer base and widen our portfolio of services	6.0	0.0
Potential mergers and acquisitions	2.8	5.2
Expansion of our overseas operations	3.0	0.0
Working capital	9.7	0.0
<b>Total</b>	<b>21.5</b>	<b>5.2</b>

The IPO proceeds used for working capital purposes have been applied to the following uses:

- Purchase of plant and equipment;
- Purchase and replenishment of inventories;
- Payments to suppliers and service providers;
- Loan repayments; and
- Payments for other day to day operations.

Management has confirmed that the above use of proceeds was in line with the Company's planned utilisation of funds.

**15. Negative Confirmation pursuant to Rule 705 (5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial statements of the Group and the Company for the first quarter ended 30 September 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors of Avi-Tech Electronics Limited

**Lim Eng Hong**  
Chief Executive Officer and Director

**Khor Thiam Beng**  
Chairman and Independent Director

**BY ORDER OF THE BOARD**  
**Lim Eng Hong**  
Chief Executive Officer  
10<sup>th</sup> November 2014