

AVI-TECH ELECTRONICS LIMITED
(Company Registration No. 198105976H)

Unaudited Financial Statements for the Second Quarter and Half Year ended 31 December 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 second quarter and half year ended 31 December 2014

	2Q 2015 \$'000 Unaudited	2Q 2014 \$'000 Unaudited	Group Change %	1H 2015 \$'000 Unaudited	1H 2014 \$'000 Unaudited	Change %
Continuing operations						
Revenue	6,893	4,725	45.9	14,106	11,416	23.6
Cost of sales	(5,332)	(4,022)	32.6	(11,264)	(9,458)	19.1
Gross profit	<u>1,561</u>	<u>703</u>	122.0	<u>2,842</u>	<u>1,958</u>	45.1
Other operating income	303	254	19.3	559	571	(2.2)
Distribution costs	(27)	(21)	28.6	(41)	(41)	-
Administrative expenses	(653)	(1,039)	(37.2)	(1,474)	(2,424)	(39.2)
Finance costs	(8)	(10)	(20.0)	(15)	(20)	(25.0)
Profit/(Loss) before income tax	<u>1,176</u>	<u>(113)</u>	n.m.	<u>1,871</u>	<u>44</u>	n.m.
Income tax expenses	(6)	(7)	(14.3)	(5)	(15)	(67.5)
Profit/(Loss) for the period from continuing operations	<u>1,170</u>	<u>(120)</u>	n.m.	<u>1,866</u>	<u>29</u>	n.m.
Discontinued operations						
Profit/(Loss) for the period from discontinued operations	<u>1,464</u>	<u>(952)</u>	n.m.	<u>2,478</u>	<u>(2,052)</u>	n.m.
Profit/(Loss) for the period, attributable to owners of the Company	<u><u>2,634</u></u>	<u><u>(1,072)</u></u>	n.m.	<u><u>4,344</u></u>	<u><u>(2,023)</u></u>	n.m.
Other comprehensive (loss)/income for the period:						
<i>Item that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences for foreign operations	<u>(401)</u>	<u>(66)</u>	n.m.	<u>(663)</u>	<u>4</u>	n.m.
Other comprehensive (loss)/income for the periods, net of tax	<u>(401)</u>	<u>(66)</u>	n.m.	<u>(663)</u>	<u>4</u>	n.m.
Total comprehensive income/(loss) for the period, attributable to owners of the Company	<u><u>2,233</u></u>	<u><u>(1,138)</u></u>	n.m.	<u><u>3,681</u></u>	<u><u>(2,019)</u></u>	n.m.
Profit/(Loss) for the period is arrived at:-						
Depreciation of property, plant and equipment	(390)	(422)	(7.6)	(763)	(838)	(8.9)
Amortisation of other intangible assets	-	(103)	n.m.	-	(208)	n.m.
Reversal of allowance for doubtful debts	79	-	n.m.	255	-	n.m.
Reversal of allowance for inventories obsolescence	1,230	-	n.m.	2,104	-	n.m.
Foreign currency exchange adjustment gain/(loss)	825	20	n.m.	1,211	(201)	n.m.
Interest expenses	(12)	(39)	(69.2)	(23)	(79)	(70.9)
Interest income	47	54	(13.0)	93	165	(43.6)
Rental income	188	188	-	375	367	2.2

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 31 December 2014

	Group		Company	
	31-Dec-14	30-Jun-14	31-Dec-14	30-Jun-14
ASSETS	\$'000	\$'000	\$'000	\$'000
	Unaudited	Audited	Unaudited	Audited
Current assets				
Cash and bank balances	6,690	4,730	6,672	4,652
Fixed and call deposits	19,420	19,400	19,420	19,400
Trade receivables	6,082	3,518	6,222	3,522
Other receivables and prepayments	215	237	213	236
Inventories	2,741	3,048	2,741	3,048
Held-to-maturity financial investments	-	2,022	-	2,022
	<u>35,148</u>	<u>32,955</u>	<u>35,268</u>	<u>32,880</u>
Assets classified as held for sale and/or for distribution	1,470	1,227	433	-
Total current assets	<u>36,618</u>	<u>34,182</u>	<u>35,701</u>	<u>32,880</u>
Non-current assets				
Property, plant and equipment	<u>12,355</u>	<u>12,511</u>	<u>12,355</u>	<u>12,501</u>
Total non-current assets	<u>12,355</u>	<u>12,511</u>	<u>12,355</u>	<u>12,501</u>
Total assets	<u>48,973</u>	<u>46,693</u>	<u>48,056</u>	<u>45,381</u>
LIABILITIES AND EQUITY				
Current liabilities				
Bank loan	612	612	612	612
Trade payables	2,470	2,189	2,616	2,236
Other payables	1,491	1,718	1,496	1,703
Finance lease	29	48	29	48
	<u>4,602</u>	<u>4,567</u>	<u>4,753</u>	<u>4,599</u>
Liabilities directly associated with assets classified as held for sale and/or for distribution	504	1,652	-	-
Total current liabilities	<u>5,106</u>	<u>6,219</u>	<u>4,753</u>	<u>4,599</u>
Non-current liabilities				
Bank loan	1,302	1,608	1,302	1,608
Finance lease	-	2	-	2
Total non-current liabilities	<u>1,302</u>	<u>1,610</u>	<u>1,302</u>	<u>1,610</u>
Total liabilities	<u>6,408</u>	<u>7,829</u>	<u>6,055</u>	<u>6,209</u>
Capital and reserves				
Share capital	31,732	31,732	31,732	31,732
Treasury shares	(933)	(933)	(933)	(933)
Reserves	<u>11,416</u>	<u>7,735</u>	<u>11,202</u>	<u>8,373</u>
Equity attributable to owners of the Company	42,215	38,534	42,001	39,172
Non-controlling interests	350	330	-	-
Total equity	<u>42,565</u>	<u>38,864</u>	<u>42,001</u>	<u>39,172</u>
Total liabilities and total equity	<u>48,973</u>	<u>46,693</u>	<u>48,056</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**

31 December 2014 (*)		30 June 2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
641	-	660	-

Amount repayable after one year

31 December 2014 (*)		30 June 2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,302	-	1,610	-

(*) Unaudited

Details of any collateral

The building and leasehold improvements with a carrying amount of \$10,585,000 (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 \$39,000 (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 second quarter and half year ended 31 December 2014

	31-Dec-14 2Q 2015 \$'000	31-Dec-13 2Q 2014 \$'000	31-Dec-14 1H 2015 \$'000	31-Dec-13 1H 2014 \$'000
Operating activities				
Profit/(Loss) before income tax				
Continuing operations	1,176	(113)	1,871	44
Discontinued operations	1,464	(952)	2,479	(2,051)
Adjustments for:				
Depreciation of property, plant and equipment	390	422	763	838
Reversal of allowance for doubtful debts	(79)	-	(255)	-
Reversal of allowance for inventories obsolescence	(1,230)	-	(2,104)	-
Gain on disposal of property, plant and equipment	-	(12)	(1)	(12)
Amortisation of other intangible assets	-	103	-	208
Interest expenses	12	39	23	79
Interest income	(47)	(54)	(93)	(165)
Operating cash flows before movements in working capital	<u>1,686</u>	<u>(567)</u>	<u>2,683</u>	<u>(1,059)</u>
Trade receivables	(1,030)	2,107	(1,936)	4,321
Other receivables and prepayments	(73)	118	(888)	143
Inventories	1,070	(457)	2,663	(1,197)
Trade payables	(183)	(458)	(278)	(1,396)
Other payables	(475)	26	(810)	(437)
Cash generated from operations	<u>995</u>	<u>769</u>	<u>1,434</u>	<u>375</u>
Income tax (paid)/refund	(6)	-	(5)	25
Interest paid	(12)	(39)	(23)	(79)
Interest received	47	54	93	165
Net cash generated from operating activities	<u>1,024</u>	<u>784</u>	<u>1,499</u>	<u>486</u>
Investing activities				
Additions to property, plant and equipment	(63)	(141)	(617)	(314)
Proceeds from maturity of held-to-maturity investments	2,022	18	2,022	3,630
Proceeds from disposal of property, plant and equipment	1	-	20	10
Placements of fixed deposits	(17,420)	(1,400)	(16,420)	(19,400)
Net cash used in investing activities	<u>(15,460)</u>	<u>(1,523)</u>	<u>(14,995)</u>	<u>(16,074)</u>
Financing activities				
Repayment of finance lease obligations	(10)	(13)	(21)	(25)
Repayment of bank loan	(153)	(153)	(306)	(306)
Net cash used in financing activities	<u>(163)</u>	<u>(166)</u>	<u>(327)</u>	<u>(331)</u>
Net effect of exchange rate changes in consolidating subsidiaries	(388)	(93)	(637)	37
Net decrease in cash and cash equivalents	(14,987)	(998)	(14,460)	(15,882)
Cash and cash equivalents at beginning of financial period	21,975	6,852	21,448	21,736
Cash and cash equivalents at end of financial period (NOTE A)	<u>6,988</u>	<u>5,854</u>	<u>6,988</u>	<u>5,854</u>

NOTE A

	2Q 2015 \$'000	The Group		1H2014 \$'000
	\$'000	2Q 2014 \$'000	1H2015 \$'000	\$'000
Cash and cash equivalents consists of:				
Cash and bank balances	6,988	4,604	6,988	4,604
Fixed and call deposits	-	1,250	-	1,250
	<u>6,988</u>	<u>5,854</u>	<u>6,988</u>	<u>5,854</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 second quarter and half year ended 31 December 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 ⁽¹⁾ \$'000	
Balance at 1 July 2014	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
Balance at 30 September 2014 (*)	31,732	(933)	(146)	17	9,312	9,183	336	40,318
Total comprehensive income for the period	-	-	(401)	-	2,634	2,233	-	2,233
Non-controlling interests relating to outstanding share-based payment transactions of a subsidiary	-	-	-	-	-	-	14	14
Balance at 31 December 2014 (*)	31,732	(933)	(547)	17	11,946	11,416	350	42,565
Balance at 1 July 2013	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)
Balance at 30 September 2013 (*)	31,732	(933)	36	17	16,583	16,636	330	47,765
Total comprehensive income for the period	-	-	(66)	-	(1,072)	(1,138)	-	(1,138)
Non-controlling interests relating to outstanding share-based payment transactions of a subsidiary	-	-	-	-	-	-	5	5
Balance at 31 December 2013 (*)	31,732	(933)	(30)	17	15,511	15,498	335	46,632

(*) 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
Balance at 1 July 2014	31,732	(933)	17	8,356	8,373	39,172
Total comprehensive income for the period	-	-	-	825	825	825
Balance at 30 September 2014 (*)	31,732	(933)	17	9,181	9,198	39,997
Total comprehensive income for the period	-	-	-	2,004	2,004	2,004
Balance at 31 December 2014 (*)	31,732	(933)	17	11,185	11,202	42,001
Balance at 1 July 2013	31,732	(933)	17	12,652	12,669	43,468
Total comprehensive income for the period	-	-	-	447	447	447
Balance at 30 September 2013 (*)	31,732	(933)	17	13,099	13,116	43,915
Total comprehensive income for the period	-	-	-	128	128	128
Balance at 31 December 2013 (*)	31,732	(933)	17	13,227	13,244	44,043

(*) 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 September 2014), there was no change in the Company's share capital during the three months ended 31 December 2014.

As at 31 December 2014, there are 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 are exercisable after the second anniversary from the date of the grant.

	As at 31 December 2014	As at 31 December 2013
Number of shares that may be issued on conversion of all the outstanding convertibles	670,000	NIL
Treasury Shares	7,978,000	7,978,000
Total number of issued shares excluding treasury shares	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

Total number of issued shares excluding treasury shares	Number of shares
Balance as at 31 December 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 31 December 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	Period ended 31 December			
	2Q 2015	2Q 2014	1H 2015	1H 2014
Earnings /(Loss) per ordinary shares (cents) ("EPS")				
For continuing and discontinued operations				
Basic	0.77	(0.31)	1.27	(0.59)
Diluted	0.77	(0.31)	1.27	(0.59)
For continuing operations				
Basic	0.34	(0.04)	0.54	0.01
Diluted	0.34	(0.03)	0.54	0.01
Weighted average number of ordinary shares in issue for basic EPS	342,422,096	342,422,096	342,422,096	342,422,096
Weighted average number of ordinary shares in issue for diluted EPS	343,092,096	343,092,096	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	
	31-Dec-2014	30-Jun-2014	31-Dec-2014	30-Jun-2014
Net assets value per ordinary share (cents):	12.33	11.25	12.27	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 Second Quarter ended 31 December 2014 (“2Q 2015”) vs. Second Quarter ended 31 December 2013 (“2Q 2014”) and First Half ended 31 December 2014 (“1H 2015”) vs. First Half ended 31 December 2013 (“1H 2014”).**

STATEMENT OF COMPREHENSIVE INCOME

Revenue from continuing operations

1H 2015 vs. 1H 2014

In 1H 2015, the Group reported revenue of \$14.1 million, an increase of \$2.7 million or 23.6% as compared to 1H 2014 of \$11.4 million. The revenue was mainly contributed by the Burn-in Boards and Board Manufacturing business segment, which registered higher revenue of \$7.4 million in 1H 2014 to \$7.7 million in 1H 2015. The Burn-in Services and the Engineering Services business segments reported higher revenue of \$3.7 million and \$2.7 million in 1H 2015, as compared to \$ 1.8 million and \$ 2.2 million respectively in 1H 2014.

2Q 2015 vs. 2Q 2014

In 2Q 2015, the Group reported revenue of \$6.9 million, an increase of \$2.2 million or 45.9% as compared to 2Q 2014 of \$4.7 million. The revenue was mainly contributed by the Burn-in Boards and Board Manufacturing business segment, which registered higher revenue of \$2.7 million in 2Q 2014 to \$4.2 million in 2Q 2015. The Burn-in Services and the Engineering Services business segments reported higher revenue of \$1.5 million and \$1.2 million in 2Q 2015, as compared to \$1.2 million and \$0.8 million respectively in 2Q 2014.

Gross profit from continuing operations

1H 2015 vs. 1H 2014/2Q 2015 vs. 2Q 2014

The Group reported a gross profit of \$2.8 million for 1H 2015, an increase of \$0.9 million or 45.1% as compared to \$2.0 million for 1H 2014. Gross profit margin over that period had also increased from 17.2% in 1H 2014 to 20.1% in 1H 2015.

The Group reported a gross profit of \$1.6 million for 2Q 2015, an increase of \$0.9 million or 122.0% as compared to \$0.7 million for 2Q 2014. Gross profit margin over that period had also increased from 14.9% in 2Q 2014 to 22.6% in 2Q 2015.

The increase in the gross profit margin for the two comparative periods was primarily due to the higher revenue reported by all the three business segments, in addition to the effectiveness of the ongoing cost control measures and the enhancement in productivity across all business segments.

Profit for the period

1H 2015 vs. 1H 2014/2Q 2015 vs. 2Q 2014

The Group reported a profit of \$4.3 million for 1H 2015 as compared to a loss of \$2.0 million for 1H 2014, aided with a profit of \$2.6 million for 2Q 2015 as compared to a loss of \$1.1 million for 2Q 2014, representing a significant transition from loss-making to profitability over the periods.

The transition from loss-making to profitability was attributed by gains registered in the discontinued operations of the US subsidiaries and the profits from the continuing operations where the Burn-in Boards and Board Manufacturing, Burn-in Services and Engineering Services business segments had recorded improved revenues and the result of cost control measures. Favourable exchange rates had also contributed to the reduction of administrative cost.

DISCONTINUED OPERATIONS

The Company had started the process of winding down the operations of the Imaging equipment and Energy Efficient Product business segment, two subsidiaries in the United States during the last quarter of FY2014.

On 31 December 2014, the assets and liabilities attributable to the discontinued operations, which are expected to be sold or distributed to the Company within twelve months from 30 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 segment are as follows:

	2Q 2015 \$'000 Unaudited	2Q 2014 \$'000 Unaudited	1H 2015 \$'000 Unaudited	1H 2014 \$'000 Unaudited
Revenue	50	1,983	1,338	4,195
Total income/(expenses)	<u>1,414</u>	<u>(2,935)</u>	<u>1,141</u>	<u>(6,246)</u>
Profit/(Loss) before income tax*	<u>1,464</u>	<u>(952)</u>	<u>2,479</u>	<u>(2,051)</u>
Income tax expenses	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>
Profit/(Loss) for the period	<u><u>1,464</u></u>	<u><u>(952)</u></u>	<u><u>2,478</u></u>	<u><u>(2,052)</u></u>

* Includes sales and recovery of impaired assets

STATEMENT OF FINANCIAL POSITION

Total Group's assets increased by \$2.3 million or 4.9% from \$46.7 million as at 30 June 2014 to \$49.0 million as at 31 December 2014. The increase was primarily due to the increase in trade receivables of \$2.6 million and partially offset by the decrease in inventories of \$0.3 million.

Total Group's liabilities decreased by \$1.4 million or 18.2% from \$7.8 million as at 30 June 2014 to \$6.4 million as at 31 December 2014. The decrease was primarily due to the reduction in liabilities directly associated with assets classified as held for sale and/or for distribution as well as the repayment of bank loan of \$1.1 million and \$0.3 million respectively.

The Group had a positive working capital of \$32.0 million as at 31 December 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 \$1.5 million for the six months ended 31 December 2014. This was primarily due to profit generated, which was partially offset by higher trade and other receivables.

Net cash used in investing activities was \$15.0 million, which was mainly due to the fixed deposits placed with financial institutions with over three month tenures upon maturity. Net cash used in financing activities was \$0.3 million, primarily due to repayment of bank loan.

There was a decrease in cash and cash equivalents of \$14.5 million for the first six months ended 31 December 2014.

The Group closed the period with cash of \$7.0 million and with bank borrowings of \$1.9 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:

	31-Dec-14 \$'000 Unaudited	30-Jun-14 \$'000 Audited
Cash and bank balances	298	318
Trade receivables	148	521
Other receivables and prepaid expenses	1,024	117
Inventories	-	253
Property, plant and equipment	-	18
Total assets	<u>1,470</u>	<u>1,227</u>
Trade payables	(173)	(733)
Other payables	(331)	(919)
Total liabilities	<u>(504)</u>	<u>(1,652)</u>
Net assets/(liabilities) of disposal group	<u>966</u>	<u>(425)</u>

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 September 2014. The Group's results for the second quarter ended 31 December 2014 were generally in line with the commentary set out in paragraph 10 of the Group's previous results announcement in respect of the period ended 30 September 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.

The discontinuation of the operations of the two US subsidiaries has been in progress since the last quarter of FY2014. As a result, the impact on the profit and loss contribution by these subsidiaries on the Group result will be tapering off in the coming months.

If the recovery in the semiconductor industry continues and results in growing demand for electronics components in the automotive industry, the Group is optimistic that this may bring about improving performance for the Burn-in Boards and Board Manufacturing, Burn-In Services and Engineering Services business segments.

The Group remains committed to its operational excellence 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.

Dividend Declared

Period	31 December 2014
Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	0.3 cents per ordinary share
Tax Rate	One tier tax exempt

(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.

See item 11(a) above.

(d) The date the dividend is payable.

The interim dividend will be paid on 20 May 2015.

(e) Books Closure Date.

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 12 May 2015 for the preparation of the interim dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5.00 p.m. on 11 May 2015 will be registered to determine shareholders' entitlements to the said interim dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 11 May 2015 will be entitled to the interim dividend.

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

Not applicable.

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 31 December 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:

	Use of IPO proceeds as at 31 December 2014 (\$ million)	Balance as at 31 December 2014 (\$ million)
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
Total	21.5	5.2

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 second quarter ended 31 December 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
12 February 2015