

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

**Unaudited Financial Statements for the Third Quarter and 9 Months ended 31 March 2015**

**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 third quarter and nine months ended 31 March 2015

|  |                                |                                | Group    |                                | Change %              |                                |
|--|--------------------------------|--------------------------------|----------|--------------------------------|-----------------------|--------------------------------|
|  | 3Q 2015<br>\$'000<br>Unaudited | 3Q 2014<br>\$'000<br>Unaudited | Change % | 9M 2015<br>\$'000<br>Unaudited |                       | 9M 2014<br>\$'000<br>Unaudited |
| <b>Continuing operations</b>   |                                |                                |          |                                |                       |                                |
| Revenue  | 6,063                          | 5,731                          | 5.8      | 20,169                         | 17,147                | 17.6                           |
| Cost of sales  | (4,183)                        | (5,027)                        | (16.8)   | (15,447)                       | (14,485)              | 6.6                            |
| <b>Gross profit</b>  | <u>1,880</u>                   | <u>704</u>                     | 167.0    | <u>4,722</u>                   | <u>2,662</u>          | 77.4                           |
| Other operating income   | 396                            | 248                            | 59.7     | 955                            | 819                   | 16.6                           |
| Distribution costs   | (10)                           | (17)                           | (41.2)   | (51)                           | (58)                  | (12.1)                         |
| Administrative expenses  | (962)                          | (1,122)                        | (14.3)   | (2,436)                        | (3,546)               | (31.3)                         |
| Finance costs  | (7)                            | (8)                            | (12.5)   | (22)                           | (28)                  | (21.4)                         |
| Profit/(Loss) before income tax  | <u>1,297</u>                   | <u>(195)</u>                   | n.m.     | <u>3,168</u>                   | <u>(151)</u>          | n.m.                           |
| Income tax benefit/(expenses)  | 13                             | (100)                          | n.m.     | 8                              | (115)                 | n.m.                           |
| Profit/(Loss) for the period from continuing operations  | <u>1,310</u>                   | <u>(295)</u>                   | n.m.     | <u>3,176</u>                   | <u>(266)</u>          | n.m.                           |
| <b>Discontinued operations</b>   |                                |                                |          |                                |                       |                                |
| Profit/(Loss) for the period from discontinued operations                                      | <u>637</u>                     | <u>(531)</u>                   | n.m.     | <u>3,115</u>                   | <u>(2,583)</u>        | n.m.                           |
| <b>Profit/(Loss) for the period, attributable to owners of the Company</b>                     | <u><u>1,947</u></u>            | <u><u>(826)</u></u>            | n.m.     | <u><u>6,291</u></u>            | <u><u>(2,849)</u></u> | 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>(441)</u>                   | <u>33</u>                      | n.m.     | <u>(1,104)</u>                 | <u>37</u>             | n.m.                           |
| Other comprehensive (loss)/income for the periods, net of tax                                  | <u>(441)</u>                   | <u>33</u>                      | n.m.     | <u>(1,104)</u>                 | <u>37</u>             | n.m.                           |
| <b>Total comprehensive income/(loss) for the period, attributable to owners of the Company</b> | <u><u>1,506</u></u>            | <u><u>(793)</u></u>            | n.m.     | <u><u>5,187</u></u>            | <u><u>(2,812)</u></u> | n.m.                           |
| <b>Profit/(Loss) for the period is arrived at:-</b>  |                                |                                |          |                                |                       |                                |
| Depreciation of property, plant and equipment  | (349)                          | (414)                          | (15.7)   | (1,112)                        | (1,252)               | (11.2)                         |
| Amortisation of other intangible assets  | -                              | (93)                           | n.m.     | -                              | (301)                 | n.m.                           |
| Reversal of allowance for doubtful debts   | 15                             | -                              | n.m.     | 270                            | -                     | n.m.                           |
| Reversal of allowance for inventories obsolescence   | 47                             | -                              | n.m.     | 2,151                          | -                     | n.m.                           |
| Foreign currency exchange adjustment gain/(loss)   | 849                            | (8)                            | n.m.     | 2,060                          | (209)                 | n.m.                           |
| Interest expenses  | (8)                            | (31)                           | (74.2)   | (31)                           | (110)                 | (71.8)                         |
| Interest income  | 66                             | 52                             | 26.9     | 159                            | 217                   | (26.7)                         |
| Rental income  | 188                            | 187                            | 0.5      | 563                            | 554                   | 1.6                            |

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 March 2015   |                  |                |                  |                |  |
|   | Group            |                | Company          |                |  |
|   | 31-Mar-15        | 30-Jun-14      | 31-Mar-15        | 30-Jun-14      |  |
| <b>ASSETS</b>   | <b>\$'000</b>    | <b>\$'000</b>  | <b>\$'000</b>    | <b>\$'000</b>  |  |
|   | <b>Unaudited</b> | <b>Audited</b> | <b>Unaudited</b> | <b>Audited</b> |  |
| <b>Current assets</b>   |                  |                |                  |                |  |
| Cash and bank balances  | 8,392            | 4,730          | 8,354            | 4,652          |  |
| Fixed and call deposits   | 19,420           | 19,400         | 19,420           | 19,400         |  |
| Trade receivables   | 5,262            | 3,518          | 5,393            | 3,522          |  |
| Other receivables and prepayments   | 261              | 237            | 336              | 236            |  |
| Inventories   | 3,357            | 3,048          | 3,357            | 3,048          |  |
| Held-to-maturity financial investments  | -                | 2,022          | -                | 2,022          |  |
|   | <u>36,692</u>    | <u>32,955</u>  | <u>36,860</u>    | <u>32,880</u>  |  |
| Assets classified as held for sale and/or for distribution                                      | 1,128            | 1,227          | 573              | -              |  |
| <b>Total current assets</b>   | <u>37,820</u>    | <u>34,182</u>  | <u>37,433</u>    | <u>32,880</u>  |  |
| <b>Non-current assets</b>   |                  |                |                  |                |  |
| Property, plant and equipment   | 12,134           | 12,511         | 12,134           | 12,501         |  |
| <b>Total non-current assets</b>   | <u>12,134</u>    | <u>12,511</u>  | <u>12,134</u>    | <u>12,501</u>  |  |
| <b>Total assets</b>   | <u>49,954</u>    | <u>46,693</u>  | <u>49,567</u>    | <u>45,381</u>  |  |
| <b>LIABILITIES AND EQUITY</b>   |                  |                |                  |                |  |
| <b>Current liabilities</b>  |                  |                |                  |                |  |
| Bank loan   | 612              | 612            | 612              | 612            |  |
| Trade payables  | 2,134            | 2,189          | 2,386            | 2,236          |  |
| Other payables  | 2,732            | 1,718          | 2,726            | 1,703          |  |
| Finance lease   | 18               | 48             | 18               | 48             |  |
|   | <u>5,496</u>     | <u>4,567</u>   | <u>5,742</u>     | <u>4,599</u>   |  |
| Liabilities directly associated with assets classified as held for sale and/or for distribution | 253              | 1,652          | -                | -              |  |
| <b>Total current liabilities</b>  | <u>5,749</u>     | <u>6,219</u>   | <u>5,742</u>     | <u>4,599</u>   |  |
| <b>Non-current liabilities</b>  |                  |                |                  |                |  |
| Bank loan   | 1,149            | 1,608          | 1,149            | 1,608          |  |
| Finance lease   | -                | 2              | -                | 2              |  |
| <b>Total non-current liabilities</b>  | <u>1,149</u>     | <u>1,610</u>   | <u>1,149</u>     | <u>1,610</u>   |  |
| <b>Total liabilities</b>  | <u>6,898</u>     | <u>7,829</u>   | <u>6,891</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  | 11,895           | 7,735          | 11,877           | 8,373          |  |
| Equity attributable to owners of the Company  | <u>42,694</u>    | <u>38,534</u>  | <u>42,676</u>    | <u>39,172</u>  |  |
| Non-controlling interests   | 362              | 330            | -                | -              |  |
| <b>Total equity</b>   | <u>43,056</u>    | <u>38,864</u>  | <u>42,676</u>    | <u>39,172</u>  |  |
| <b>Total liabilities and total equity</b>   | <u>49,954</u>    | <u>46,693</u>  | <u>49,567</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**

| <b>31 March 2015 (*)</b>  |                             | <b>30 June 2014</b>       |                             |
|---------------------------|-----------------------------|---------------------------|-----------------------------|
| <b>Secured<br/>\$'000</b> | <b>Unsecured<br/>\$'000</b> | <b>Secured<br/>\$'000</b> | <b>Unsecured<br/>\$'000</b> |
| 630                       | -                           | 660                       | -                           |

**Amount repayable after one year**

| <b>31 March 2015 (*)</b>  |                             | <b>30 June 2014</b>       |                             |
|---------------------------|-----------------------------|---------------------------|-----------------------------|
| <b>Secured<br/>\$'000</b> | <b>Unsecured<br/>\$'000</b> | <b>Secured<br/>\$'000</b> | <b>Unsecured<br/>\$'000</b> |
| 1,149                     | -                           | 1,610                     | -                           |

(\*) Unaudited

**Details of any collateral**

The building and leasehold improvements with a carrying amount of \$10,524,000 (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 \$22,000 (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 third quarter and nine months ended 31 March 2015**

|  | 31-Mar-15<br>3Q 2015<br>\$'000 | 31-Mar-14<br>3Q 2014<br>\$'000 | 31-Mar-15<br>9M 2015<br>\$'000 | 31-Mar-14<br>9M 2014<br>\$'000 |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Operating activities</b>  |                                |                                |                                |                                |
| Profit/(Loss) before income tax  |                                |                                |                                |                                |
| Continuing operations  | 1,297                          | (195)                          | 3,168                          | (151)                          |
| Discontinued operations  | 637                            | (531)                          | 3,116                          | (2,582)                        |
| <b>Adjustments for:</b>  |                                |                                |                                |                                |
| Depreciation of property, plant and equipment                            | 349                            | 414                            | 1,112                          | 1,252                          |
| Reversal of allowance for doubtful debts                                 | (15)                           | -                              | (270)                          | -                              |
| Reversal of allowance for inventories obsolescence                       | (47)                           | -                              | (2,151)                        | -                              |
| Gain on disposal of property, plant and equipment                        | (1)                            | -                              | (2)                            | (12)                           |
| Amortisation of other intangible assets                                  | -                              | 93                             | -                              | 301                            |
| Interest expenses  | 8                              | 31                             | 31                             | 110                            |
| Interest income  | (66)                           | (52)                           | (159)                          | (217)                          |
| Operating cash flows before movements in working capital                 | <u>2,162</u>                   | <u>(240)</u>                   | <u>4,845</u>                   | <u>(1,299)</u>                 |
| Trade receivables  | 959                            | (606)                          | (977)                          | 3,715                          |
| Other receivables and prepayments  | 36                             | (67)                           | (852)                          | 76                             |
| Inventories  | (568)                          | 14                             | 2,095                          | (1,183)                        |
| Trade payables   | (323)                          | 397                            | (601)                          | (999)                          |
| Other payables   | (51)                           | (549)                          | (861)                          | (987)                          |
| Cash generated from/(used in) operations                                 | <u>2,215</u>                   | <u>(1,051)</u>                 | <u>3,649</u>                   | <u>(677)</u>                   |
| Income tax refund/(paid)   | 13                             | (96)                           | 8                              | (71)                           |
| Interest paid  | (8)                            | (31)                           | (31)                           | (110)                          |
| Interest received  | 66                             | 52                             | 159                            | 217                            |
| Net cash generated from/(used in) operating activities                   | <u>2,286</u>                   | <u>(1,126)</u>                 | <u>3,785</u>                   | <u>(641)</u>                   |
| <b>Investing activities</b>  |                                |                                |                                |                                |
| Additions to property, plant and equipment                               | (128)                          | (46)                           | (745)                          | (360)                          |
| Proceeds from maturity of held-to-maturity investments                   | -                              | -                              | 2,022                          | 3,630                          |
| Proceeds from disposal of property, plant and equipment                  | -                              | 6                              | 20                             | 16                             |
| Withdrawals from/(Placements of) fixed deposits                          | 2,400                          | -                              | (14,020)                       | (19,400)                       |
| Net cash from/(used in) investing activities                             | <u>2,272</u>                   | <u>(40)</u>                    | <u>(12,723)</u>                | <u>(16,114)</u>                |
| <b>Financing activities</b>  |                                |                                |                                |                                |
| Repayment of finance lease obligations                                   | (11)                           | (11)                           | (32)                           | (36)                           |
| Repayment of bank loan   | (153)                          | (153)                          | (459)                          | (459)                          |
| Net cash used in financing activities                                    | <u>(164)</u>                   | <u>(164)</u>                   | <u>(491)</u>                   | <u>(495)</u>                   |
| <b>Net effect of exchange rate changes in consolidating subsidiaries</b> | (428)                          | 32                             | (1,065)                        | 70                             |
| Net increase/(decrease) in cash and cash equivalents                     | 3,966                          | (1,298)                        | (10,494)                       | (17,180)                       |
| Cash and cash equivalents at beginning of financial period               | 6,988                          | 5,854                          | 21,448                         | 21,736                         |
| <b>Cash and cash equivalents at end of financial period (NOTE A)</b>     | <u>10,954</u>                  | <u>4,556</u>                   | <u>10,954</u>                  | <u>4,556</u>                   |

**NOTE A**

|  | 3Q 2015<br>\$'000 | The Group        |               | 9M2014<br>\$'000 |
|--|-------------------|------------------|---------------|------------------|
|  | 3Q 2014<br>\$'000 | 9M2015<br>\$'000 |               |                  |
| Cash and cash equivalents consists of: |                   |                  |               |                  |
| Cash and bank balances                 | 8,553             | 4,556            | 8,553         | 4,556            |
| Fixed and call deposits                | 2,401             | -                | 2,401         | -                |
|  | <u>10,954</u>     | <u>4,556</u>     | <u>10,954</u> | <u>4,556</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 third quarter and nine months ended 31 March 2015

| GROUP  | Attributable to owners of the Company |                              |  |                                      |                                |                             |  | Total<br>\$'000 |
|--|---------------------------------------|------------------------------|--|--------------------------------------|--------------------------------|-----------------------------|--|-----------------|
|  | Share<br>capital<br>\$'000            | Treasury<br>shares<br>\$'000 | Currency<br>translation<br>reserve<br>\$'000 | Share<br>option<br>reserve<br>\$'000 | Retained<br>earnings<br>\$'000 | Total<br>reserves<br>\$'000 | Non-<br>controlling<br>interest <sup>(1)</sup><br>\$'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>  | 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              |
| <b>Balance at 31 December 2014 (*)</b>   | 31,732                                | (933)                        | (547)  | 17                                   | 11,946                         | 11,416                      | 350  | 42,565          |
| Total comprehensive income for the period  | -                                     | -                            | (441)  | -                                    | 1,947                          | 1,506                       | -  | 1,506           |
| Non-controlling interests relating to outstanding share-based payment transactions of a subsidiary | -                                     | -                            | -  | -                                    | -                              | -                           | 12   | 12              |
| Dividends  | -                                     | -                            | -  | -                                    | (1,027)                        | (1,027)                     | -  | (1,027)         |
| <b>Balance at 31 March 2015 (*)</b>  | 31,732                                | (933)                        | (988)  | 17                                   | 12,866                         | 11,895                      | 362  | 43,056          |
| <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>  | 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               |
| <b>Balance at 31 December 2013 (*)</b>   | 31,732                                | (933)                        | (30)   | 17                                   | 15,511                         | 15,498                      | 335  | 46,632          |
| Total comprehensive income for the period  | -                                     | -                            | 33   | -                                    | (826)                          | (793)                       | -  | (793)           |
| Non-controlling interests relating to outstanding share-based payment transactions of a subsidiary | -                                     | -                            | -  | -                                    | -                              | -                           | (1)  | (1)             |
| <b>Balance at 31 March 2014 (*)</b>  | 31,732                                | (933)                        | 3  | 17                                   | 14,685                         | 14,705                      | 334  | 45,838          |

(\*) Unaudited

(1) Representing share option reserve of a subsidiary

| COMPANY                                   | Share<br>capital<br>\$'000 | Treasury<br>shares<br>\$'000 | Share<br>option<br>reserves<br>\$'000 | Retained<br>earnings<br>\$'000 | Total<br>reserves<br>\$'000 | Total<br>\$'000 |
|---|----------------------------|------------------------------|---------------------------------------|--------------------------------|-----------------------------|-----------------|
| <b>Balance at 1 July 2014</b>             | 31,732                     | (933)                        | 17                                    | 8,356                          | 8,373                       | 39,172          |
| Total comprehensive income for the period | -                          | -                            | -                                     | 825                            | 825                         | 825             |
| <b>Balance at 30 September 2014 (*)</b>   | 31,732                     | (933)                        | 17                                    | 9,181                          | 9,198                       | 39,997          |
| Total comprehensive income for the period | -                          | -                            | -                                     | 2,004                          | 2,004                       | 2,004           |
| <b>Balance at 31 December 2014 (*)</b>    | 31,732                     | (933)                        | 17                                    | 11,185                         | 11,202                      | 42,001          |
| Total comprehensive income for the period | -                          | -                            | -                                     | 1,702                          | 1,702                       | 1,702           |
| Dividends                                 | -                          | -                            | -                                     | (1,027)                        | (1,027)                     | (1,027)         |
| <b>Balance at 31 March 2015 (*)</b>       | 31,732                     | (933)                        | 17                                    | 11,860                         | 11,877                      | 42,676          |
| <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>   | 31,732                     | (933)                        | 17                                    | 13,099                         | 13,116                      | 43,915          |
| Total comprehensive income for the period | -                          | -                            | -                                     | 128                            | 128                         | 128             |
| <b>Balance at 31 December 2013 (*)</b>    | 31,732                     | (933)                        | 17                                    | 13,227                         | 13,244                      | 44,043          |
| Total comprehensive income for the period | -                          | -                            | -                                     | 253                            | 253                         | 253             |
| <b>Balance at 31 March 2014 (*)</b>       | 31,732                     | (933)                        | 17                                    | 13,480                         | 13,497                      | 44,296          |

**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. 31 December 2014), there was no change in the Company's share capital during the three months ended 31 March 2015.

As at 31 March 2015, 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.

|  | <b>As at<br/>31 March 2015</b> | <b>As at<br/>31 March 2014</b> |
|--|--------------------------------|--------------------------------|
| <b>Number of shares that may be issued on conversion of all the outstanding convertibles</b> | 670,000                        | 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 31 March 2015                                    | 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 March 2015, 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 March |             |             |             |
|---|-----------------------|-------------|-------------|-------------|
|   | 3Q 2015               | 3Q 2014     | 9M 2015     | 9M 2014     |
| <b>Earnings /(Loss) per ordinary shares (cents) ("EPS")</b>         |                       |             |             |             |
| <b>For continuing and discontinued operations</b>                   |                       |             |             |             |
| Basic   | 0.57                  | (0.24)      | 1.84        | (0.83)      |
| Diluted   | 0.57                  | (0.24)      | 1.83        | (0.83)      |
| <b>For continuing operations</b>                                    |                       |             |             |             |
| Basic   | 0.38                  | (0.09)      | 0.93        | (0.08)      |
| Diluted   | 0.38                  | (0.09)      | 0.93        | (0.08)      |
| 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-Mar-2015 | 30-Jun-2014 | 31-Mar-2015 | 30-Jun-2014 |
| Net assets value per ordinary share (cents): | 12.47       | 11.25       | 12.46       | 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 Third Quarter ended 31 March 2015 (“3Q 2015”) vs. Third Quarter ended 31 March 2014 (“3Q 2014”) and Nine Months ended 31 March 2015 (“9M 2015”) vs. Nine Months ended 31 March 2014 (“9M 2014”).**

### **STATEMENT OF COMPREHENSIVE INCOME**

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

##### 9M 2015 vs. 9M 2014

In 9M 2015, the Group reported revenue of \$20.2 million, an increase of \$3.1 million or 17.6% as compared to 9M 2014 of \$17.1 million. The revenue was mainly contributed by the Burn-in Boards and Board Manufacturing business segment, which registered higher revenue of \$10.5 million in 9M 2015 as compared to \$10.2 million in 9M 2014. The Burn-in Services and the Engineering Services business segments reported higher revenue of \$4.5 million and \$5.2 million in 9M 2015, as compared to \$ 3.3 million and \$ 3.6 million respectively in 9M 2014.

##### 3Q 2015 vs. 3Q 2014

In 3Q 2015, the Group reported revenue of \$6.1 million, an increase of \$0.4 million or 5.8% as compared to 3Q 2014 of \$5.7 million. The revenue was mainly contributed by the Burn-in Boards and Board Manufacturing business segment, which registered revenue of \$2.8 million in 3Q 2015, remaining stable and unchanged as compared to 3Q 2014. The Burn-in Services business segment continues with its steady growth and closed with a higher revenue from \$1.1 million in 3Q 2014 to \$1.8 million in 3Q 2015, while the Engineering Services business segment registered a decrease in revenue from \$1.8 million in 3Q 2014 to \$1.5 million in 3Q 2015.

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

##### 9M 2015 vs. 9M 2014/3Q 2015 vs. 3Q 2014

The Group reported a gross profit of \$4.7 million for 9M 2015, an increase of \$2.0 million or 77.4% as compared to \$2.7 million for 9M 2014. Gross profit margin over that period had also increased from 15.5% in 9M 2014 to 23.4% in 9M 2015.

The Group reported a gross profit of \$1.8 million for 3Q 2015, an increase of \$1.1 million or 167.0% as compared to \$0.7 million for 3Q 2014. Gross profit margin over that period had also increased from 12.3% in 3Q 2014 to 31.0% in 3Q 2015.

The increase in the gross profit margin for the two comparative periods was primarily due to the higher revenue reported by the Burn-in Boards and Board Manufacturing business segment as well as steady growth in the Burn-in Services business segment. The improved performance was attributed to effective ongoing cost control measures and the enhancement in productivity across all business segments.



## Profit for the period

### 9M 2015 vs. 9M 2014/3Q 2015 vs. 3Q 2014

The Group reported a profit of \$6.3 million for 9M 2015 as compared to a loss of \$2.9 million for 9M 2014, aided with a profit of \$1.9 million for 3Q 2015 as compared to a loss of \$0.8 million for 3Q 2014, representing a significant transition from loss-making to profitability over the periods.

The transition from loss-making to profitability was attributed by the profits registered in the continuing operations where the Burn-in Boards and Board Manufacturing, Burn-in Services and Engineering Services business segments had recorded an increase in revenue, further to the success of productivity and cost control measures. This is in addition to the gains registered in the discontinued operations of the US subsidiaries. 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 March 2015, 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 in the Imaging Equipment and Energy Efficient Products business segment are as follows:

|                                  | 3Q<br>2015<br>\$'000<br>Unaudited | 3Q<br>2014<br>\$'000<br>Unaudited | 9M<br>2015<br>\$'000<br>Unaudited | 9M<br>2014<br>\$'000<br>Unaudited |
|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Revenue                          | 27                                | 1,891                             | 1,365                             | 6,086                             |
| Total income/(expenses)          | 610                               | (2,422)                           | 1,751                             | (8,668)                           |
| Profit/(Loss) before income tax* | 637                               | (531)                             | 3,116                             | (2,582)                           |
| Income tax expenses              | -                                 | -                                 | (1)                               | (1)                               |
| Profit/(Loss) for the period     | 637                               | (531)                             | 3,115                             | (2,583)                           |

\* Includes sales and recovery of impaired assets

## STATEMENT OF FINANCIAL POSITION

Total Group's assets increased by \$3.3 million or 7.1% from \$46.7 million as at 30 June 2014 to \$50.0 million as at 31 March 2015. The increase was primarily due to the increase in cash and cash balances as well as trade receivables of \$3.6 million and \$1.7 million respectively. The overall increase is offset by the decrease in held-to-maturity financial investments of \$2.0 million due to maturity of the investments.

Total Group's liabilities decreased by \$0.9 million or 11.5% from \$7.8 million as at 30 June 2014 to \$6.9 million as at 31 March 2015. 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 \$1.4 million and \$0.5 million respectively. The overall decrease is offset by the dividend payable of \$1.0 million.

The Group had a positive working capital of \$32.1 million as at 31 March 2015 as compared with \$28.0 million as at 30 June 2014.

## **STATEMENT OF CASH FLOW**

The Group generated net cash from operating activities of \$3.8 million for 9M 2015. This was primarily due to profits generated during the period, which was partially offset by the cash used in the purchase of inventories as well as settlement for trade and other payables.

Net cash used in investing activities was \$12.7 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 \$0.5 million, primarily due to repayment of bank loan.

There was a decrease in cash and cash equivalents of \$10.5 million for 9M 2015.

The Group closed the period with cash of \$8.4 million and with bank borrowings of \$1.8 million.

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

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

|   | <b>31-Mar-15</b><br><b>\$'000</b><br><b>Unaudited</b> | <b>30-Jun-14</b><br><b>\$'000</b><br><b>Audited</b> |
|---|---|---|
| Cash and bank balances                            | 161   | 318   |
| Trade receivables                                 | 24  | 521   |
| Other receivables and prepaid expenses            | 943   | 117   |
| Inventories                                       | -   | 253   |
| Property, plant and equipment                     | -   | 18  |
| <b>Total assets</b>                               | <b><u>1,128</u></b>                                   | <b><u>1,227</u></b>                                 |
| Trade payables                                    | (186)   | (733)   |
| Other payables                                    | (67)  | (919)   |
| <b>Total liabilities</b>                          | <b><u>(253)</u></b>                                   | <b><u>(1,652)</u></b>                               |
| <b>Net assets/(liabilities) of disposal group</b> | <b><u>875</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 31 December 2014. The Group's results for 3Q 2015 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 31 December 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 Group continues to report a positive growth for 9M 2015 with the discontinuation of the operations of the two US subsidiaries, and registered a profit of \$6.3 million in 9M 2015.

The Group remains optimistic of the continuing improved performance for all the business segments, especially with the indication of higher demand for the Burn-in Services business segment, which may further contribute to revenue growth.

The Group will also continue to practise prudent cost management while at the same time, proactively seek for new areas of partnership and opportunities to grow its businesses, 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 31 March 2015, 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<br/>as at<br/>31 March 2015<br/>(\$ million)</b> | <b>Balance as at<br/>31 March 2015<br/>(\$ 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 third quarter ended 31 March 2015 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 May 2015