

AVI-TECH ELECTRONICS LIMITED**(Company Registration No. 198105976H)****Unaudited Financial Statements for the Third Quarter and 9 months ended 31 March 2019****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 2019

	3Q		Change	9M		Change
	2019	2018		2019	2018	
	\$'000	\$'000	%	\$'000	\$'000	%
	Unaudited	Unaudited		Unaudited	Unaudited	
Revenue	7,377	7,703	(4.2)	22,887	28,260	(19.0)
Cost of sales	(5,365)	(5,683)	(5.6)	(16,499)	(20,124)	(18.0)
Gross profit	<u>2,012</u>	<u>2,020</u>	(0.4)	<u>6,388</u>	<u>8,136</u>	(21.5)
Other operating income, net	130	204	(36.3)	606	670	(9.6)
Impairment loss on other financial asset ^[1]	(250)	-	n.m.	(250)	-	n.m.
Distribution costs	(12)	(19)	(36.8)	(40)	(52)	(23.1)
Administrative expenses	(1,250)	(1,244)	0.5	(3,895)	(3,760)	3.6
Net foreign exchange loss	(92)	(201)	(54.2)	(44)	(371)	(88.1)
Finance costs	(2)	(2)	-	(4)	(6)	(33.3)
Profit before income tax	<u>536</u>	<u>758</u>	(29.3)	<u>2,761</u>	<u>4,617</u>	(40.2)
Income tax expense	(116)	(116)	-	(524)	(596)	(12.1)
Profit for the period	<u><u>420</u></u>	<u><u>642</u></u>	(34.6)	<u><u>2,237</u></u>	<u><u>4,021</u></u>	(44.4)
Other comprehensive loss for the period:						
<i>Item that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences for foreign operations	<u>(5)</u>	<u>(9)</u>	(44.4)	<u>(4)</u>	<u>(24)</u>	(83.3)
Other comprehensive loss for the period, net of tax	<u>(5)</u>	<u>(9)</u>	(44.4)	<u>(4)</u>	<u>(24)</u>	(83.3)
Total comprehensive income for the period	<u><u>415</u></u>	<u><u>633</u></u>	(34.4)	<u><u>2,233</u></u>	<u><u>3,997</u></u>	(44.1)
Profit for the period is arrived at:-						
Depreciation of property, plant and equipment	(320)	(313)	2.2	(952)	(897)	6.1
Interest expenses	(2)	(2)	-	(4)	(6)	(33.3)
Interest income	128	112	14.3	373	339	10.0
Rental income	73	76	(3.9)	224	230	(2.6)
Allowance for inventories obsolescence	(50)	-	n.m.	(150)	(106)	41.5
Loss on disposal of property, plant and equipmen	(99)	-	n.m.	(99)	-	n.m.

^[1] Represents an impairment loss on bond investment issued under Hyflux Ltd's Medium Term Note Programme.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

ASSETS	Group		Company	
	31-Mar-19	30-Jun-18	31-Mar-19	30-Jun-18
	\$'000	\$'000	\$'000	\$'000
	Unaudited	Audited	Unaudited	Audited
Current assets				
Cash and bank balances	4,539	5,176	3,745	4,721
Fixed and call deposits	27,255	26,000	27,255	26,000
Trade receivables	5,836	4,976	5,835	4,976
Other receivables and prepayments	337	351	336	350
Inventories	3,028	3,392	3,028	3,392
Other financial assets at amortised cost ^[2]	753	1,501	753	1,501
Total current assets	41,748	41,396	40,952	40,940
Non-current assets				
Other financial assets at amortised cost	-	513	-	513
Property, plant and equipment	12,333	12,661	12,333	12,661
Total non-current assets	12,333	13,174	12,333	13,174
Total assets	54,081	54,570	53,285	54,114
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	2,503	1,905	2,297	1,950
Other payables	1,468	2,054	1,448	2,053
Finance leases	35	35	35	35
Income tax payable	592	1,076	592	1,076
Total current liabilities	4,598	5,070	4,372	5,114
Non-current liabilities				
Finance leases	50	76	50	76
Deferred tax liabilities	928	928	928	928
Total non-current liabilities	978	1,004	978	1,004
Total liabilities	5,576	6,074	5,350	6,118
Capital and reserves				
Share capital	31,732	31,732	31,732	31,732
Treasury shares	(973)	(973)	(973)	(973)
Reserves	17,746	17,737	17,176	17,237
Total equity	48,505	48,496	47,935	47,996
Total liabilities and total equity	54,081	54,570	53,285	54,114

^[2] Other financial assets at amortised cost include bond investment of \$500,000 in the \$100 million tranche at 4.25 per cent which matured in September 2018, issued under Hyflux Ltd's Medium Term Note Programme. In respect of this bond investment, the Group has recognised an impairment loss of S\$250,000 for the period.

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

Amount repayable in one year or less, or on demand

31 March 2019 (*)		30 June 2018	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
35	-	35	-

Amount repayable after one year

31 March 2019 (*)		30 June 2018	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
50	-	76	-

(*) Unaudited

Details of any collaterals

Certain plant and equipment with a carrying amount of \$173,000 (30 June 2018: \$229,000) 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 2019

	31-Mar-19 3Q 2019 \$'000	31-Mar-18 3Q 2018 \$'000	31-Mar-19 9M 2019 \$'000	31-Mar-18 9M 2018 \$'000
Operating activities				
Profit before income tax	536	758	2,761	4,617
Adjustments for:				
Depreciation of property, plant and equipment	320	313	952	897
Impairment loss on other financial asset	250	-	250	-
Loss on disposal of property, plant and equipment	99	-	99	-
Allowance for inventories obsolescence	50	-	150	106
Interest expenses	2	2	4	6
Interest income	(128)	(112)	(373)	(339)
Operating cash flows before movements in working capital	<u>1,129</u>	<u>961</u>	<u>3,843</u>	<u>5,287</u>
Trade receivables	(1,143)	1,525	(860)	4,067
Other receivables and prepayments	(24)	(83)	14	(117)
Inventories	(93)	327	214	66
Trade payables	1,048	(1,110)	598	(3,251)
Other payables	(261)	(68)	(586)	(746)
Cash generated from operations	<u>656</u>	<u>1,552</u>	<u>3,223</u>	<u>5,306</u>
Income tax paid	(508)	(351)	(1,008)	(519)
Interest paid	(2)	(2)	(4)	(6)
Interest received	128	112	373	339
Net cash from operating activities	<u>274</u>	<u>1,311</u>	<u>2,584</u>	<u>5,120</u>
Investing activities				
Additions to property, plant and equipment	(357)	(130)	(723)	(339)
Proceeds from maturity of other financial assets at amortised cost	5	288	1,011	344
(Placement of)/Withdrawals from fixed deposits	(2,500)	(1,998)	3,467	5,005
Net cash (used in)/from investing activities	<u>(2,852)</u>	<u>(1,840)</u>	<u>3,755</u>	<u>5,010</u>
Financing activities				
Dividend paid	-	-	(2,224)	(3,079)
Exercise of share option	-	-	-	5
Repayment of finance lease obligations	(8)	(14)	(26)	(41)
Repayment of bank loan	-	(78)	-	(384)
Net cash used in financing activities	<u>(8)</u>	<u>(92)</u>	<u>(2,250)</u>	<u>(3,499)</u>
Net effect of exchange rate changes in consolidating subsidiaries	(5)	52	(4)	(26)
Net (decrease) increase in cash and cash equivalents	(2,591)	(569)	4,085	6,605
Cash and cash equivalents at beginning of financial period	17,852	14,683	11,176	7,509
Cash and cash equivalents at end of financial period (NOTE A)	<u>15,261</u>	<u>14,114</u>	<u>15,261</u>	<u>14,114</u>

NOTE A

	3Q 2019 \$'000	3Q 2018 \$'000	The Group	
			9M 2019 \$'000	9M 2018 \$'000
Cash and cash equivalents consists of:				
Cash and bank balances	4,539	5,489	4,539	5,489
Fixed and call deposits	10,722	8,625	10,722	8,625
	<u>15,261</u>	<u>14,114</u>	<u>15,261</u>	<u>14,114</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 Company and the Group 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 2019

GROUP	Share capital \$'000	Treasury shares \$'000	Currency translation reserve \$'000	Share option reserve \$'000	Retained earnings \$'000	Total reserves \$'000	Total \$'000
Balance at 1 July 2018	31,732	(973)	16	-	17,721	17,737	48,496
Total comprehensive income for the period	-	-	-	-	862	862	862
Balance at 30 September 2018 (*)	31,732	(973)	16	-	18,583	18,599	49,358
Total comprehensive income for the period	-	-	1	-	955	956	956
Dividends	-	-	-	-	(2,224)	(2,224)	(2,224)
Balance at 31 December 2018 (*)	31,732	(973)	17	-	17,314	17,331	48,090
Total comprehensive income for the period	-	-	(5)	-	420	415	415
Balance at 31 March 2019 (*)	31,732	(973)	12	-	17,734	17,746	48,505
Balance at 1 July 2017	31,732	(983)	20	2	18,161	18,183	48,932
Total comprehensive income for the period	-	-	(9)	-	1,713	1,704	1,704
Balance at 30 September 2017 (*)	31,732	(983)	11	2	19,874	19,887	50,636
Total comprehensive income for the period	-	-	(6)	-	1,666	1,660	1,660
Dividends	-	-	-	-	(3,079)	(3,079)	(3,079)
Reissue of treasury shares	-	10	-	-	-	-	10
Exercise of share option	-	-	-	(2)	-	(2)	(2)
Balance at 31 December 2017 (*)	31,732	(973)	5	-	18,461	18,466	49,225
Total comprehensive income for the period	-	-	(9)	-	642	633	633
Dividends	-	-	-	-	(2,224)	(2,224)	(2,224)
Balance at 31 March 2018 (*)	31,732	(973)	(4)	-	16,879	16,875	47,634

(*) Unaudited

COMPANY	Share capital \$'000	Treasury shares \$'000	Share option reserves \$'000	Retained earnings \$'000	Total reserves \$'000	Total \$'000
Balance at 1 July 2018	31,732	(973)	-	17,237	17,237	47,996
Total comprehensive income for the period	-	-	-	853	853	853
Balance at 30 September 2018 (*)	31,732	(973)	-	18,090	18,090	48,849
Total comprehensive income for the period	-	-	-	1,022	1,022	1,022
Dividends	-	-	-	(2,224)	(2,224)	(2,224)
Balance at 31 December 2018 (*)	31,732	(973)	-	16,888	16,888	47,647
Total comprehensive income for the period	-	-	-	288	288	288
Balance at 31 March 2019 (*)	31,732	(973)	-	17,176	17,176	47,935
Balance at 1 July 2017	31,732	(983)	2	17,745	17,747	48,496
Total comprehensive income for the period	-	-	-	1,676	1,676	1,676
Balance at 30 September 2017 (*)	31,732	(983)	2	19,421	19,423	50,172
Total comprehensive income for the period	-	-	-	1,660	1,660	1,660
Dividends	-	-	-	(3,079)	(3,079)	(3,079)
Reissue of treasury shares	-	10	-	-	-	10
Exercise of share option	-	-	(2)	-	(2)	(2)
Balance at 31 December 2017 (*)	31,732	(973)	-	18,002	18,002	48,761
Total comprehensive income for the period	-	-	-	640	640	640
Dividends	-	-	-	(2,224)	(2,224)	(2,224)
Balance at 31 March 2018 (*)	31,732	(973)	-	16,418	16,418	47,177

(*) 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Since the end of the previous period reported on (i.e. 31 December 2018), there was no change in the Company's share capital during the three months ended 31 March 2019.

The Company does not have any subsidiary that holds shares issued by the Company.

	As at 31 March 2019	As at 31 March 2018
Number of shares that may be issued on conversion of all the outstanding convertibles	-	-
Treasury Shares	4,154,000	4,154,000
Total number of issued shares excluding treasury shares	171,046,041	171,046,041

Pursuant to the share buyback mandate originally approved by the shareholders on 29 October 2008 and renewed subsequently and the share buyback mandate approved by the shareholders on 27 October 2015, the Company purchased and currently holds as treasury shares a total of 4,154,000 shares through on-market purchases transacted on the SGX-ST. The total amount paid for these purchases was approximately \$973,000 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 March 2019	171,046,041
Balance as at 30 June 2018	171,046,041

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

As at 31 March 2019, there were no sales, transfers, cancellations and/or use of treasury shares.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company does not have any subsidiary that holds shares issued by the Company.

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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation as in the Group's most recently audited annual 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.

The Company and the Group adopted the new financial reporting framework – Singapore Financial Reporting Standards (International) (“SFRS(I)”) with effect from 1 July 2018. SFRS(I) is identical to the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Company and the Group applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (30 June 2019).

There is no change to the Company's and the Group's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 9 and SFRS(I) 15 which are effective at the same time.

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

Group	Period ended 31 March			
	3Q 2019	3Q 2018	9M 2019	9M 2018
Earnings per ordinary share (cents) (“EPS”)				
Basic	0.25	0.38	1.31	2.35
Diluted	0.25	0.38	1.31	2.35
Weighted average number of ordinary shares in issue for basic EPS	171,046,041	171,046,041	171,046,041	171,026,041
Weighted average number of ordinary shares in issue for diluted EPS	171,046,041	171,046,041	171,046,041	171,046,041

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 the: (a) current financial period reported on; and (b) immediately preceding financial year.**

	GROUP		COMPANY	
	31-Mar-2019	30-Jun-2018	31-Mar-2019	30-Jun-2018
Net assets value per ordinary share (cents):	28.36	28.35	28.02	28.06
Number of ordinary shares at period/year end	171,046,041	171,046,041	171,046,041	171,046,041

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 2019 (“3Q 2019”) vs. Third Quarter ended 31 March 2018 (“3Q 2018”) and Nine Months ended 31 March 2019 (“9M 2019”) vs. Nine Months ended 31 March 2018 (“9M 2018”).**

STATEMENT OF COMPREHENSIVE INCOME

Revenue

9M 2019 vs. 9M 2018

In 9M 2019, the Group reported revenue of \$22.9 million, a decrease of \$5.4 million or 19.0% as compared to 9M 2018 of \$28.3 million. All three business segments registered lower revenues as compared to the respective comparative period.

Of the three business segments, the Burn-In Services business segment reported the smallest decline in revenue with revenue of \$7.1 million for 9M 2019 as compared to \$7.6 million for 9M 2018. The Manufacturing and PCBA Services business segment reported a revenue of \$12.1 million for 9M 2019 as compared to \$15.8 million for 9M 2018. The Engineering Services business segment continued to be the weakest of all business segments with reported revenue of \$3.7 million for 9M 2019 as compared to \$4.9 million for 9M 2018.

3Q 2019 vs. 3Q 2018

In 3Q 2019, the Group reported revenue of \$7.4 million, a decrease of \$0.3 million or 4.2% as compared to 3Q 2018 of \$7.7 million. While the Group’s quarterly revenue registered a decrease, the sales from Burn-In Services business segment was consistent for the comparative period.

The Burn-In Services business segment continued to register a consistent revenue of \$2.4 million in 3Q 2019, as with 3Q 2018. The Engineering Services business segment reported a higher revenue of \$1.3 million in 3Q 2019 as compared to \$0.9 million in 3Q 2018. The Manufacturing and PCBA Services business segment, while being the main driver of the Group’s revenue registering a revenue of \$3.7 million in 3Q 2019, registered a decrease in revenue as compared to \$4.4 million in 3Q 2018.

Gross profit

9M 2019 vs. 9M 2018

The Group reported a gross profit of \$6.4 million for 9M 2019, a decrease of \$1.7 million or 21.5% as compared to the gross profit of \$8.1 million for 9M 2018. The decrease in gross profit for the comparative periods was primarily due to the decline in Group’s revenue.

3Q 2019 vs. 3Q 2018

The Group reported a consistent gross profit of \$2.0 million in 3Q 2019, as with \$2.0 million in 3Q 2018. Notwithstanding the allowance for inventories obsolescence of \$0.05 million made in 3Q 2019, the gross profit margin over the period increased from 26.2% to 27.3%.

Profit for the period

9M 2019 vs. 9M 2018

The Group reported a decrease in profit by 44.4% to \$2.2 million for 9M 2019 from \$4.0 million in 9M 2018. The decrease in profit for the comparative periods was primarily due to the decline in Group's revenue and the impairment loss on other financial assets related to Hyflux Ltd, which had been provided for in 9M 2019.

3Q 2019 vs. 3Q 2018

The Group reported a decrease in profit by 34.6% to \$0.4 million in 3Q 2019 from \$0.6 million in 3Q 2018. The decrease in profit for the comparative periods was primarily due to the impairment loss on other financial assets related to Hyflux Ltd, which had been provided for in 3Q 2019.

STATEMENT OF FINANCIAL POSITION

Total Group's assets decreased by \$0.5 million or 0.9% from \$54.6 million as at 30 June 2018 to \$54.1 million as at 31 March 2019. The decrease was primarily due to the decrease in cash and bank balances of \$0.6 million, inventories of \$0.4 million, other financial assets at amortised cost of \$1.3 million as well as property, plant and equipment of \$0.3 million. The overall decrease was offset by the increase in fixed and call deposits of \$1.3 million as well as trade and other receivables of \$0.8 million.

Other financial assets at amortised cost include bond investment of \$500,000 in the \$100 million tranche at 4.25 per cent which matured in September 2018, issued under Hyflux Ltd's Medium Term Note Programme.

In respect of this bond investment, the Group has recognised an impairment loss of S\$250,000 for the period in view of the developments in relation to Hyflux Ltd's financial situation.

The Group will continue monitor the development of the restructuring of Hyflux Ltd.

Total Group's liabilities decreased by \$0.5 million or 8.2% from \$6.1 million as at 30 June 2018 to \$5.6 million as at 31 March 2019. The decrease was primarily due to the decrease in income tax payable of \$0.5 million.

The Group had a positive working capital of \$37.2 million as at 31 March 2019 as compared to \$36.3 million as at 30 June 2018.

STATEMENT OF CASH FLOW

The Group generated net cash from operating activities of \$2.6 million for the nine months ended 31 March 2019. This was primarily due to the profit generated for the period.

Net cash generated from investing activities was \$3.8 million, which was mainly attributed to the withdrawals from fixed deposits placed with financial institutions with over three-month tenures. Net cash used in financing activities was \$2.3 million, which was primarily due to dividend paid.

There was an increase in cash and cash equivalents of \$4.1 million for 9M 2019.

The Group closed the period with cash and cash equivalents of \$15.3 million.

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 2018. The Group's results for the third quarter ended 31 March 2019 were generally in line with the commentary under paragraph 10 of the Group's previous results announcement in respect of the period ended 31 December 2018.

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.

While the global economy remains uncertain, the Group remains hopeful on its business outlook and committed to continue working towards strengthening its core competencies and extending its customer base while at the same time, seeking new opportunities for growth, including mergers and acquisitions, to aid the business and enhance shareholder value.

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/recommended, a statement to that effect and the reason(s) for the decision.

The Company's practice is to consider the declaration or recommendation of dividend on a half-yearly basis. As such, no dividend is to be declared for 3Q 2019.

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 2019, 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 March 2019 (\$ million)	Balance as at 31 March 2019 (\$ 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 March 2019 to be false or misleading in any material aspect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

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
14 May 2019