

AVI-TECH ELECTRONICS LIMITED**(Company Registration No. 198105976H)****Unaudited Financial Statements for the First Half Year ended 31 December 2020****PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first half year ended 31 December 2020

	Group		Change	
	1st Half Year Ended		\$'000	%
	31-Dec-20 \$'000 Unaudited	31-Dec-19 \$'000 Unaudited		
Revenue	12,646	15,636	(2,990)	(19.1)
Cost of sales	(9,442)	(9,598)	156	(1.6)
Gross profit	<u>3,204</u>	<u>6,038</u>	(2,834)	(46.9)
Other operating income	834	518	316	61.0
Impairment loss on other financial asset ^[1]	-	(50)	50	n.m.
Distribution costs	(28)	(27)	(1)	3.7
Administrative expenses	(2,317)	(2,671)	354	(13.3)
Net foreign exchange loss	(275)	(29)	(246)	n.m.
Finance costs	(17)	(19)	2	(10.5)
Profit before income tax	<u>1,401</u>	<u>3,760</u>	(2,359)	(62.7)
Income tax expense	(245)	(650)	405	(62.3)
Profit for the period	<u><u>1,156</u></u>	<u><u>3,110</u></u>	(1,954)	(62.8)
Other comprehensive gain for the period:				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	<u>-</u>	<u>(1)</u>	1	n.m.
Other comprehensive gain for the period, net of tax	<u>-</u>	<u>(1)</u>	1	n.m.
Total comprehensive income for the period	<u><u>1,156</u></u>	<u><u>3,109</u></u>	(1,953)	(62.8)
Profit for the period is arrived at:-				
Depreciation of property, plant and equipment	(510)	(595)	85	(14.3)
Depreciation of right-of-use assets	(118)	(116)	(2)	1.7
Interest expenses	(17)	(19)	2	(10.5)
Interest income	121	342	(221)	(64.6)
Rental income	214	146	68	46.6
Gain on disposal of property, plant and equipment	-	1	(1)	n.m.

n.m. : not meaningful

^[1] Represents an impairment loss of 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 December 2020

ASSETS	Group		Company	
	31-Dec-20 \$'000 Unaudited	30-Jun-20 \$'000 Audited	31-Dec-20 \$'000 Unaudited	30-Jun-20 \$'000 Audited
Current assets				
Cash and bank balances	3,460	8,620	3,460	8,620
Fixed and call deposits	32,800	29,644	32,800	29,644
Trade receivables	4,884	4,633	4,884	4,633
Other receivables and prepayments	251	574	251	574
Inventories	2,560	2,000	2,560	2,000
Total current assets	43,955	45,471	43,955	45,471
Non-current assets				
Property, plant and equipment	11,168	11,477	11,168	11,477
Intangible assets ^[2]	337	255	337	255
Investment in associate ^[3]	500	500	500	500
Right-of-use assets	1,343	1,461	1,343	1,461
Total non-current assets	13,348	13,693	13,348	13,693
Total assets	57,303	59,164	57,303	59,164
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	2,396	1,653	2,463	1,720
Other payables	1,753	2,534	1,753	2,534
Lease liabilities	252	262	252	262
Income tax payable	1,020	1,302	1,020	1,302
Total current liabilities	5,421	5,751	5,488	5,818
Non-current liabilities				
Lease liabilities	1,134	1,255	1,134	1,255
Deferred tax liabilities	928	928	928	928
Total non-current liabilities	2,062	2,183	2,062	2,183
Total liabilities	7,483	7,934	7,550	8,001
Capital and reserves				
Share capital	31,732	31,732	31,732	31,732
Treasury shares	(973)	(973)	(973)	(973)
Reserves	19,061	20,471	18,994	20,404
Total equity	49,820	51,230	49,753	51,163
Total liabilities and total equity	57,303	59,164	57,303	59,164

^[2] Represents the capitalization of development cost paid for the new SAP system as at 31 December 2020.

^[3] Represents the investment in Move! AI Pte. Ltd.

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

Amount repayable in one year or less, or on demand

31 December 2020 (*)		30 June 2020	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
252	-	262	-

Amount repayable after one year

31 December 2020 (*)		30 June 2020	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,134	-	1,255	-

(*) Unaudited

Details of any collaterals

Certain plant and equipment with a carrying amount of \$44,000 (30 June 2020: \$81,000) are secured by the lessors' titles to the leased assets.

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

CONSOLIDATED STATEMENT OF CASH FLOW
For the first half year ended 31 December 2020

	31-Dec-20	31-Dec-19
	1st Half Year Ended	
	\$'000	\$'000
Operating activities		
Profit before income tax	1,401	3,760
Adjustments for:		
Depreciation of property, plant and equipment	510	595
Depreciation of right-of-use assets	118	116
Impairment loss on other financial asset	-	50
Gain on disposal of property, plant and equipment	-	(1)
Interest expenses	17	19
Interest income	(121)	(342)
Operating cash flows before movements in working capital	<u>1,925</u>	<u>4,197</u>
Trade receivables	(251)	1,574
Other receivables and prepayments	323	(51)
Inventories	(560)	191
Trade payables	743	(981)
Other payables	(781)	(194)
Cash generated from operations	<u>1,399</u>	<u>4,736</u>
Income tax paid	(527)	(439)
Interest paid	(17)	(19)
Interest received	121	342
Net cash from operating activities	<u>976</u>	<u>4,620</u>
Investing activities		
Additions to property, plant and equipment	(201)	(306)
Additions to intangible asset	(82)	-
Proceeds from maturity of other financial assets at amortised cost	-	503
Withdrawals from/(Placement of) fixed deposits	20,944	(4,711)
Net cash from/(used in) investing activities	<u>20,661</u>	<u>(4,514)</u>
Financing activities		
Dividend paid	(2,566)	(2,565)
Repayment of lease liabilities	(131)	(126)
Net cash used in financing activities	<u>(2,697)</u>	<u>(2,691)</u>
Net effect of exchange rate changes in consolidating subsidiaries	-	(1)
Net increase/(decrease) in cash and cash equivalents	18,940	(2,586)
Cash and cash equivalents at beginning of financial period	10,620	9,833
Cash and cash equivalents at end of financial period (NOTE A)	<u>29,560</u>	<u>7,247</u>

NOTE A

	The Group	
	1st Half Year Ended	
	31-Dec-20	31-Dec-19
	\$'000	\$'000
Cash and cash equivalents consists of:		
Cash and bank balances	3,460	3,867
Fixed and call deposits	26,100	3,380
	<u>29,560</u>	<u>7,247</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 first half year ended 31 December 2020

GROUP	Share capital \$'000	Treasury shares \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total reserves \$'000	Total \$'000
Balance at 1 July 2020	31,732	(973)	-	20,471	20,471	51,230
Total comprehensive income for the period	-	-	-	1,156	1,156	1,156
Dividends	-	-	-	(2,566)	(2,566)	(2,566)
Balance at 31 December 2020 (*)	31,732	(973)	-	19,061	19,061	49,820
Balance at 1 July 2019	31,732	(973)	10	18,775	18,785	49,544
Total comprehensive income for the period	-	-	(1)	3,110	3,109	3,109
Dividends	-	-	-	(2,565)	(2,565)	(2,565)
Balance at 31 December 2019 (*)	31,732	(973)	9	19,320	19,329	50,088

(*) Unaudited

COMPANY	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Total reserves \$'000	Total \$'000
Balance at 1 July 2020	31,732	(973)	20,404	20,404	51,163
Total comprehensive income for the period	-	-	1,156	1,156	1,156
Dividends	-	-	(2,566)	(2,566)	(2,566)
Balance at 31 December 2020 (*)	31,732	(973)	18,994	18,994	49,753
Balance at 1 July 2019	31,732	(973)	18,193	18,193	48,952
Total comprehensive income for the period	-	-	3,122	3,122	3,122
Dividends	-	-	(2,565)	(2,565)	(2,565)
Balance at 31 December 2019 (*)	31,732	(973)	18,750	18,750	49,509

(*) Unaudited

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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. 30 June 2020), there was no change in the Company's share capital during the six (6) months ended 31 December 2020.

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

	As at 31 December 2020	As at 31 December 2019
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 December 2020	171,046,041
Balance as at 30 June 2020	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 December 2020, 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 modifications or emphasis of a matter).**

Not applicable.

- 3A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

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.

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 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: (a) Based on the weighted average number of ordinary shares on issue; and (b) On a fully diluted basis (detailing any adjustments made to the earnings).**

Group	1 st Half year ended 31 December	
	FY2021	FY2020
Earnings per ordinary shares (cents) ("EPS")		
Basic	0.68	1.82
Diluted	0.68	1.82
Weighted average number of ordinary shares in issue for basic EPS	171,046,041	171,046,041
Weighted average number of ordinary shares in issue for diluted EPS	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-Dec-2020	30-Jun-2020	31-Dec-2020	30-Jun-2020
Net assets value per ordinary share (cents):	29.13	29.95	29.09	29.91
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 the Company used for the above calculation have been adjusted to exclude the number of treasury shares.

8. **Review of Group Performance for the First Half ended 31 December 2020 (“1H 2021”) vs. First Half ended 31 December 2019 (“1H 2020”).**

STATEMENT OF COMPREHENSIVE INCOME

Revenue

1H 2021 vs. 1H 2020

In 1H 2021, the Group reported revenue of \$12.6 million, a decrease of \$3.0 million or 19.1% as compared to 1H 2020 of \$15.6 million.

The Burn-In Services business segment registered lower revenue of \$3.4 million in 1H 2021 as compared to revenue of \$6.4 million in 1H 2020.

The Manufacturing and PCBA Services business segment, which remained as the largest contributor to the Group revenue, registered higher revenue of \$7.8 million in 1H 2021 as compared to revenue of \$7.2 million in 1H 2020.

The Engineering Services business segment registered lower revenue of \$1.4 million in 1H 2021 as compared to revenue of \$2.0 million in 1H 2020.

Gross profit

1H 2021 vs. 1H 2020

The Group reported a gross profit of \$3.2 million in 1H 2021, a decrease of \$2.8 million or 46.9% as compared to \$6.0 million in 1H 2020.

The decrease in gross profit for the comparative periods was due to the decline in the Group’s revenue, primarily the revenue for the Burn-In Services business segment.

Profit for the period

1H 2021 vs. 1H 2020

The Group reported a profit of \$1.2 million in 1H 2021 as compared to \$3.1 million in 1H 2020. The decrease in profit was in line with the decrease in gross profit.

STATEMENT OF FINANCIAL POSITION

Total Group's assets decreased by \$1.9 million or 3.1% from \$59.2 million as at 30 June 2020 to \$57.3 million as at 31 December 2020. The decrease was primarily due to the decrease in cash and bank balances of \$5.2 million, property, plant and equipment of \$0.3 million as well as right-of-use assets of \$0.1 million. Overall decrease was partially offset by the increase in fixed and call deposits as well as inventories of \$3.1 million and \$0.6 million respectively.

Total Group's liabilities decreased by \$0.4 million or 5.7% from \$7.9 million as at 30 June 2020 to \$7.5 million as at 31 December 2020. The decrease was primarily due to the decrease in lease liabilities and income tax payable of \$0.1 million and \$0.3 million respectively.

The Group had a positive working capital of \$38.5 million as at 31 December 2020 as compared to \$39.7 million as at 30 June 2020.

STATEMENT OF CASH FLOW

The Group generated net cash from operating activities of \$1.0 million for the six (6) months ended 31 December 2020. This was primarily due to the profit generated for the period.

Net cash from investing activities was \$20.7 million, which was mainly attributed to the withdrawal of fixed deposits placed with financial institutions over three (3)-month tenures. Net cash used in financing activities was \$2.7 million, which was primarily due to the dividend paid.

There was an increase in cash and cash equivalents of \$18.9 million for 1H 2021.

The Group closed the period with cash and cash equivalents of \$29.6 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 2020. The Group's results for the half-year ended 31 December 2020 were generally in line with the commentary under paragraph 10 of the Group's previous results announcement in respect of the period ended 30 June 2020.

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 development of the COVID-19 pandemic remains uncertain. The Group will continue to focus on its core competencies while seeking new opportunities for growth, including mergers and acquisitions or even new partnership, to aid the business and enhance shareholder value. Overall, the Group remains cautious and confident of its long term growth with the aid of a strong balance sheet to support its plan.

11. Dividends.

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

Period	31 December 2020
Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	0.5 cents per ordinary share
Tax Rate	One tier tax exempt

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

Period	31 December 2019
Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	1.0 cent per ordinary share
Tax Rate	One tier tax exempt

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

Not applicable.

(d) The date the dividend is payable.

The interim dividend will be paid on 14 May 2021.

(e) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 6 May 2021 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 5 May 2021 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 5 May 2021 will be entitled to the interim dividend.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

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 2020, 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 2020 (S\$ million)	Balance as at 31 December 2020 (S\$ million)
Expansion of our customer base and widen our portfolio of services	6.0	0.0
Potential mergers and acquisitions	3.3	4.7
Expansion of our overseas operations	3.0	0.0
Working capital	9.7	0.0
Total	22.0	4.7

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

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

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

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial statements of the Group and the Company for the first half-year ended 31 December 2020 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
9 February 2021