

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

**Full Year Financial Statements and Dividend Announcement for the Year Ended 30 June 2021**

**PART I – 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.

Condensed interim consolidated statement of profit or loss and other comprehensive income  
For the second half and full year ended 30 June 2021

	Note	2nd Half Year Ended		Change %	Group Financial Year Ended		Change %
		2021	2020		2021	2020	
		\$'000	\$'000		\$'000	\$'000	
		Unaudited	Unaudited		Unaudited	Audited	
<b>Revenue</b>	N3	16,693	13,774	21.2	29,339	29,410	(0.2)
Cost of sales		(12,359)	(9,298)	32.9	(21,801)	(18,896)	15.4
<b>Gross profit</b>		<u>4,334</u>	<u>4,476</u>	(3.2)	<u>7,538</u>	<u>10,514</u>	(28.3)
Other operating income		593	1,140	(48.0)	1,427	1,658	(13.9)
Impairment loss on other financial asset		-	(75)	(100.0)	-	(125)	(100.0)
Distribution costs		(42)	(35)	20.0	(70)	(62)	12.9
Administrative expenses		(2,070)	(2,413)	(14.2)	(4,387)	(5,084)	(13.7)
Net foreign exchange gains/(loss)		83	111	(25.2)	(192)	82	n.m.
Share of loss from associate		(90)	-	n.m.	(90)	-	n.m.
Finance costs		(17)	(19)	(10.5)	(34)	(38)	(10.5)
Profit before income tax	N4	<u>2,791</u>	<u>3,185</u>	(12.4)	<u>4,192</u>	<u>6,945</u>	(39.6)
Income tax expense	N5	<u>(467)</u>	<u>(324)</u>	44.1	<u>(712)</u>	<u>(974)</u>	(26.9)
<b>Profit for the year</b>		<u><u>2,324</u></u>	<u><u>2,861</u></u>	(18.8)	<u><u>3,480</u></u>	<u><u>5,971</u></u>	(41.7)
<b>Other comprehensive loss for the year:</b>							
<i>Item that may be reclassified subsequently to profit or loss</i>							
Foreign currency translation differences for foreign operations		<u>-</u>	<u>(9)</u>	(100.0)	<u>-</u>	<u>(10)</u>	(100.0)
Other comprehensive loss for the period, net of tax		<u>-</u>	<u>(9)</u>	(100.0)	<u>-</u>	<u>(10)</u>	(100.0)
<b>Total comprehensive income for the year</b>		<u><u>2,324</u></u>	<u><u>2,852</u></u>	(18.5)	<u><u>3,480</u></u>	<u><u>5,961</u></u>	(41.6)

n.m. : not meaningful

**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.**

**Condensed interim statements of financial position**

**As at 30 June 2021**

<b>ASSETS</b>	<b>Note</b>	<b>Group</b>		<b>Company</b>	
		<b>30-Jun-21</b>	<b>30-Jun-20</b>	<b>30-Jun-21</b>	<b>30-Jun-20</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		9,815	8,620	9,815	8,620
Fixed and call deposits		26,000	29,644	26,000	29,644
Trade receivables	N6	7,890	4,633	7,890	4,633
Other receivables and prepayments		149	574	149	574
Inventories	N7	2,953	2,000	2,953	2,000
<b>Total current assets</b>		<b>46,807</b>	<b>45,471</b>	<b>46,807</b>	<b>45,471</b>
<b>Non-current assets</b>					
Property, plant and equipment	N8	11,081	11,477	11,081	11,477
Intangible assets		-	255	-	255
Investment in associate		410	500	410	500
Right-of-use assets		1,244	1,461	1,244	1,461
<b>Total non-current assets</b>		<b>12,735</b>	<b>13,693</b>	<b>12,735</b>	<b>13,693</b>
<b>Total assets</b>		<b>59,542</b>	<b>59,164</b>	<b>59,542</b>	<b>59,164</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade payables		3,724	1,653	3,820	1,720
Other payables		1,496	2,534	1,496	2,534
Lease liabilities	N9	241	262	241	262
Income tax payable		655	1,302	649	1,302
<b>Total current liabilities</b>		<b>6,116</b>	<b>5,751</b>	<b>6,206</b>	<b>5,818</b>
<b>Non-current liabilities</b>					
Lease liabilities	N9	1,034	1,255	1,034	1,255
Deferred tax liabilities		1,103	928	1,103	928
<b>Total non-current liabilities</b>		<b>2,137</b>	<b>2,183</b>	<b>2,137</b>	<b>2,183</b>
<b>Total liabilities</b>		<b>8,253</b>	<b>7,934</b>	<b>8,343</b>	<b>8,001</b>
<b>Capital and reserves</b>					
Share capital		31,732	31,732	31,732	31,732
Treasury shares		(973)	(973)	(973)	(973)
Reserves		20,530	20,471	20,440	20,404
<b>Total equity</b>		<b>51,289</b>	<b>51,230</b>	<b>51,199</b>	<b>51,163</b>
<b>Total liabilities and total equity</b>		<b>59,542</b>	<b>59,164</b>	<b>59,542</b>	<b>59,164</b>

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

See paragraph N9 of the "Notes to the condensed interim consolidated financial statements" below.

**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.**

**Condensed interim consolidated statement of cash flows**  
For the second half and full year ended 30 June 2021

	30-Jun-21 2nd Half Year Ended \$'000	30-Jun-20 \$'000	30-Jun-21 Financial Year Ended \$'000	30-Jun-20 \$'000
<b>Operating activities</b>				
Profit before income tax	2,791	3,185	4,192	6,945
<b>Adjustments for:</b>				
Share of loss from associate	90	-	90	-
Depreciation of property, plant and equipment	507	551	1,017	1,146
Depreciation of right-of-use assets	120	119	238	235
Impairment loss on other financial asset	-	75	-	125
Gain on disposal of property, plant and equipment	-	-	-	(1)
Allowance for inventories obsolescence	217	218	217	218
Interest expenses	17	19	34	38
Interest income	(62)	(281)	(183)	(623)
Operating cash flows before movements in working capital	<u>3,680</u>	<u>3,886</u>	<u>5,605</u>	<u>8,083</u>
Trade receivables	(3,006)	417	(3,257)	1,991
Other receivables and prepayments	102	(113)	425	(164)
Inventories	(610)	627	(1,170)	818
Trade payables	1,328	(313)	2,071	(1,294)
Other payables	(257)	729	(1,038)	535
Cash generated from operations	<u>1,237</u>	<u>5,233</u>	<u>2,636</u>	<u>9,969</u>
Income tax paid	(657)	(368)	(1,184)	(807)
Interest paid	(17)	(19)	(34)	(38)
Interest received	62	281	183	623
Net cash from operating activities	<u>625</u>	<u>5,127</u>	<u>1,601</u>	<u>9,747</u>
<b>Investing activities</b>				
Additions to property, plant and equipment	(83)	(251)	(366)	(557)
Additions to intangible asset	-	(255)	-	(255)
Proceeds from maturity of other financial assets at amortised cost	-	-	-	503
Additions to investment in an associate	-	(500)	-	(500)
(Placement of)/Withdrawals from fixed deposits	(13,300)	1,100	7,644	(3,611)
Net cash (used in)/from investing activities	<u>(13,383)</u>	<u>94</u>	<u>7,278</u>	<u>(4,420)</u>
<b>Financing activities</b>				
Dividend paid	(855)	(1,710)	(3,421)	(4,275)
Repayment of lease liabilities	(132)	(129)	(263)	(255)
Net cash used in financing activities	<u>(987)</u>	<u>(1,839)</u>	<u>(3,684)</u>	<u>(4,530)</u>
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>	-	(9)	-	(10)
Net (decrease)/increase in cash and cash equivalents	(13,745)	3,373	5,195	787
Cash and cash equivalents at beginning of financial period	29,560	7,247	10,620	9,833
<b>Cash and cash equivalents at end of financial period (NOTE A)</b>	<u>15,815</u>	<u>10,620</u>	<u>15,815</u>	<u>10,620</u>

**NOTE A**

	30-Jun-21 2nd Half Year Ended \$'000	30-Jun-20 \$'000	30-Jun-21 Financial Year Ended \$'000	30-Jun-20 \$'000
Cash and cash equivalents consists of:				
Cash and bank balances	9,815	8,620	9,815	8,620
Fixed and call deposits	6,000	2,000	6,000	2,000
	<u>15,815</u>	<u>10,620</u>	<u>15,815</u>	<u>10,620</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.**

**Condensed interim statements of changes in equity  
For the second half year and full year ended 30 June 2021**

<b>GROUP</b>	<b>Share capital \$'000</b>	<b>Treasury shares \$'000</b>	<b>Currency translation reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total reserves \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2020</b>	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)
<b>Balance at 31 December 2020 (*)</b>	31,732	(973)	-	19,061	19,061	49,820
Total comprehensive income for the period	-	-	-	2,324	2,324	2,324
Dividends	-	-	-	(855)	(855)	(855)
<b>Balance at 30 June 2021 (*)</b>	31,732	(973)	-	20,530	20,530	51,289
<b>Balance at 1 July 2019</b>	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)
<b>Balance at 31 December 2019 (*)</b>	31,732	(973)	9	19,320	19,329	50,088
Total comprehensive income for the period	-	-	(9)	2,861	2,852	2,852
Dividends	-	-	-	(1,710)	(1,710)	(1,710)
<b>Balance at 30 June 2020</b>	31,732	(973)	-	20,471	20,471	51,230

(\*) Unaudited

<b>COMPANY</b>	<b>Share capital \$'000</b>	<b>Treasury shares \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total reserves \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2020</b>	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)
<b>Balance at 31 December 2020 (*)</b>	31,732	(973)	18,994	18,994	49,753
Total comprehensive income for the period	-	-	2,301	2,301	2,301
Dividends	-	-	(855)	(855)	(855)
<b>Balance at 30 June 2021 (*)</b>	31,732	(973)	20,440	20,440	51,199
<b>Balance at 1 July 2019</b>	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)
<b>Balance at 31 December 2019 (*)</b>	31,732	(973)	18,750	18,750	49,509
Total comprehensive income for the period	-	-	3,364	3,364	3,364
Dividends	-	-	(1,710)	(1,710)	(1,710)
<b>Balance at 30 June 2020</b>	31,732	(973)	20,404	20,404	51,163

(\*) Unaudited

## Notes to the condensed interim consolidated financial statements

### N1. Corporate Information

The Company (Registration No. 198105976H) is incorporated in Singapore with its principal place of business and registered office at 19A Serangoon North Avenue 5, Singapore 554859. The Company is listed on the mainboard of the Singapore Exchange Securities Trading Limited. These condensed interim consolidated financial statements as at and for the second half and full year ended 30 June 2021 comprise the Company and its subsidiary (collectively, the “Group”).

The principal activities of the Company consist of the provision of burn-in and related services, design and manufacture of burn-in boards and boards related products, engineering services and equipment distribution, and trading of imaging equipment and energy efficient products. The principal activity of the Company’s subsidiary is the provision of business support activities.

### N2. Basis of Preparation

The condensed interim financial statements for the second half and full year ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 31 December 2020.

The Group has applied the same accounting policies and methods of computation as in the Group’s most recently audited financial statements.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

#### N2.1. Use of judgements and estimates

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020.

No critical judgement was made in the process of applying the Group’s accounting policies that would have a significant effect on the amounts recognised in the financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

- Note 6 - Allowance for inventories
- Note 7 - Calculation of loss allowance for the trade receivables
- Note 8 - Impairment and useful lives of property, plant and equipment

### N3. Segment and revenue information

The Group is primarily engaged in three main operating divisions namely, Burn-In and related services (“Burn-in Services”), Burn-In boards and related products (“Manufacturing and PCBA Services”), and engineering services and equipment distribution (“Engineering”). These operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

### N3.1. Reportable segments

For the full year ended 30 June 2021

	Burn-in Services	Manufacturing and PCBA Services	Engineering	Eliminations	Total
Business segments	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>					
External revenue	6,658	17,944	4,737	-	29,339
Inter-segment revenue	-	670	-	(670)	-
	<u>6,658</u>	<u>18,614</u>	<u>4,737</u>	<u>(670)</u>	<u>29,339</u>
<b>Segment results</b>	1,848	2,090	48	-	3,986
Interest expense					(34)
Interest income					183
Rental income					469
Unallocated income					86
Unallocated expenses					(498)
Profit before income tax					<u>4,192</u>
Income tax expense					(712)
<b>Profit for the year</b>					<u><u>3,480</u></u>
<b>Other Information</b>					
Additions to non-current assets	48	292	26		366
<b>Depreciation</b>					
Allocated	289	765	201		1,255

For the full year ended 30 June 2020

	Burn-in Services	Manufacturing and PCBA Services	Engineering	Eliminations	Total
Business segments	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>					
External revenue	11,108	14,109	4,193	-	29,410
Inter-segment revenue	-	633	-	(633)	-
	<u>11,108</u>	<u>14,742</u>	<u>4,193</u>	<u>(633)</u>	<u>29,410</u>
<b>Segment results</b>	4,953	2,154	(513)	-	6,594
Interest expense					(38)
Interest income					623
Rental income					344
Unallocated income					142
Unallocated expenses					(720)
Profit before income tax					<u>6,945</u>
Income tax expense					(974)
<b>Profit for the year</b>					<u><u>5,971</u></u>
<b>Other Information</b>					
Additions to non-current assets	186	574	52		812
<b>Depreciation</b>					
Allocated	525	663	193		1,381

For the second half year ended 30 June 2021

	Burn-in Services	Manufacturing and PCBA Services	Engineering	Eliminations	Total
Business segments	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>					
External revenue	3,277	10,111	3,305	-	16,693
Inter-segment revenue	-	670	-	(670)	-
	<u>3,277</u>	<u>10,781</u>	<u>3,305</u>	<u>(670)</u>	<u>16,693</u>
<b>Segment results</b>	868	1,376	188	-	2,432
Interest expense					(17)
Interest income					62
Rental income					255
Unallocated income					33
Unallocated expenses					26
Profit before income tax					<u>2,791</u>
Income tax expense					(467)
<b>Profit for the year</b>					<u><u>2,324</u></u>
<b>Other Information</b>					
Additions to non-current assets	14	57	12		83
<b>Depreciation</b>					
Allocated	119	376	132		627

For the second half year ended 30 June 2020

	Burn-in Services	Manufacturing and PCBA Services	Engineering	Eliminations	Total
Business segments	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>					
External revenue	4,734	6,857	2,183	-	13,774
Inter-segment revenue	-	470	-	(470)	-
	<u>4,734</u>	<u>7,327</u>	<u>2,183</u>	<u>(470)</u>	<u>13,774</u>
<b>Segment results</b>	1,975	1,090	(188)	-	2,877
Interest expense					(19)
Interest income					281
Rental income					198
Unallocated income					113
Unallocated expenses					(265)
Profit before income tax					<u>3,185</u>
Income tax expense					(324)
<b>Profit for the year</b>					<u><u>2,861</u></u>
<b>Other Information</b>					
Additions to non-current assets	164	295	47		506
<b>Depreciation</b>					
Allocated	233	336	101		670

**Consolidated statement of financial position**

**As at 30 June 2021**

	<b>Burn-in Services</b>	<b>Manufacturing and PCBA Services</b>	<b>Engineering</b>	<b>Eliminations</b>	<b>Total</b>
<b>Business segments</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>					
Segment assets	4,649	14,320	4,199		23,168
Unallocated corporate assets					36,374
Total assets					<u>59,542</u>
<b>Liabilities</b>					
Segment liabilities	1,494	3,962	1,039		6,495
Unallocated corporate liabilities					1,758
Total liabilities					<u>8,253</u>

**As at 30 June 2020**

	<b>Burn-in Services</b>	<b>Manufacturing and PCBA Services</b>	<b>Engineering</b>	<b>Eliminations</b>	<b>Total</b>
<b>Business segments</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>					
Segment assets	6,774	9,939	3,113		19,826
Unallocated corporate assets					39,338
Total assets					<u>59,164</u>
<b>Liabilities</b>					
Segment liabilities	2,167	2,738	799		5,704
Unallocated corporate liabilities					2,230
Total liabilities					<u>7,934</u>

**Geographical Segments**

	<b>Revenue</b>				<b>Carrying amount of non-current assets</b>	
	<b>2nd Half Year Ended 2021 \$'000 Unaudited</b>	<b>2020 \$'000 Unaudited</b>	<b>Financial Year Ended 2021 \$'000 Unaudited</b>	<b>2020 \$'000 Audited</b>	<b>Financial Year Ended 2021 \$'000 Unaudited</b>	<b>2020 \$'000 Audited</b>
Singapore	5,269	7,382	9,322	17,213	12,735	13,693
USA	5,229	3,218	8,387	6,103	-	-
Malaysia	893	1,026	2,161	2,637	-	-
Others	5,302	2,148	9,469	3,457	-	-
	<u>16,693</u>	<u>13,774</u>	<u>29,339</u>	<u>29,410</u>	<u>12,735</u>	<u>13,693</u>

**For the second half ended 30 June 2021 (“2H 2021”) vs. second half ended 30 June 2020 (“2H 2020”)**

In 2H 2021, included in revenues of \$16,693,000 (2H 2020: \$13,774,000) are revenues of \$4,669,000 (2H 2020: \$3,552,000) and \$2,861,000 (2H 2020: \$3,872,000) arising from sales to two major customers from the Burn-in Services and Manufacturing and PCBA Services business segments, and revenues of \$2,731,000 (2H 2020: \$1,742,000) arising from sales to a major customer from the Engineering business segment. These revenues account for approximately 61% (2H 2020: 67%) of the Group’s revenue.



**For the full year ended 30 June 2021 (“FY 2021”) vs. full year ended 30 June 2020 (“FY 2020”).**

In FY 2021, included in revenues of \$29,339,000 (FY 2020: \$29,410,000) are revenues of \$8,036,000 (FY 2020: \$7,164,000), \$4,401,000 (FY 2020: \$9,056,000) and \$3,129,000 (FY 2020: \$2,392,000) arising from sales to three major customers from the Burn-in Services and Manufacturing and PCBA Services business segments, and revenue of \$3,768,000 (FY 2020: \$3,234,000) arising from sales to a major customer from the Engineering business segment. These revenues account for approximately 66% (FY 2020: 74%) of the Group’s revenue.

**Breakdown of sales**

	<b>2021</b>	<b>2020</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>First Half</b>			
Revenue	12,646	15,636	(19.1)
Profit after tax	<u>1,156</u>	<u>3,110</u>	(62.8)
<b>Second Half</b>			
Revenue	16,693	13,774	21.2
Profit after tax	<u>2,324</u>	<u>2,861</u>	(18.8)

**N4. Profit before taxation**

Profit before income tax has been arrived at after charging (crediting):

	<b>2nd Half Year Ended</b>		<b>Change</b>	<b>Group</b>		<b>Change</b>
	<b>2021</b>	<b>2020</b>		<b>Financial Year Ended</b>		
	<b>\$'000</b>	<b>\$'000</b>		<b>%</b>	<b>2021</b>	
	<b>Unaudited</b>	<b>Unaudited</b>		<b>Unaudited</b>	<b>Audited</b>	
Depreciation of property, plant and equipment	(507)	(551)	(8.0)	(1,017)	(1,146)	(11.3)
Depreciation of right-of-use assets	(120)	(119)	0.8	(238)	(235)	1.3
Interest expenses	(17)	(19)	(10.5)	(34)	(38)	(10.5)
Interest income	62	281	(77.9)	183	623	(70.6)
Rental income	255	198	28.8	469	344	36.3
Allowance for inventories obsolescence	(217)	(218)	(0.5)	(217)	(218)	(0.5)
Gain on disposal of property, plant and equipment	-	-	n.m.	-	1	n.m.

n.m. : not meaningful

**N4.1. Related party transactions**

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

## N5. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	2nd Half Year Ended		Change	Financial Year Ended		Change
	2021	2020		2021	2020	
	\$'000	\$'000	%	\$'000	\$'000	%
	Unaudited	Unaudited		Unaudited	Audited	
Income tax:						
- Current	421	558	(24.6)	664	1,199	(44.6)
- Overprovision in respect of prior years	(129)	(396)	(67.4)	(128)	(387)	(66.9)
Deferred tax	175	-	n.m.	175	-	n.m.
Withholding tax	-	162	n.m.	1	162	(99.4)
	<u>467</u>	<u>324</u>	44.1	<u>712</u>	<u>974</u>	(26.9)

n.m. : not meaningful

## N6. Calculation of loss allowance for trade receivables

The Group uses provision matrix to calculate expected credit losses (“ECLs”) for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information, where appropriate.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future. Despite the current market conditions with uncertainties and volatility caused by the COVID-19 pandemic, the Group has observed that payments from customers continue to be forthcoming and therefore, the Group expects the probability of default to remain low.

The carrying amount of trade receivables of the Group and Company at the end of the reporting period was \$7,890,000 (2020: \$4,633,000).

## N7. Allowance for inventories

The Group reviews the carrying value of its inventories so that they are stated at the lower of cost and net realisable value. In assessing net realisable value, management identifies inventories where there has been a significant decline in price or cost, aged inventory items and inventory items that may not be realised as a result of certain events, and estimates the recoverable amount of such inventory based on values at which such inventory items are expected to be realised at the end of the reporting period. Management also reviews the possible future use of the aged inventory items as well as the demand for on-going production and the ability to sell the products at prices above costs, taking into consideration the widespread impact of the COVID-19 pandemic on the general economic conditions and market demand.

The carrying amount of inventories of the Group and Company at the end of the reporting period was \$2,953,000 (2020: \$2,000,000), net of allowance amounted to \$1,356,000 (2020: \$1,146,000). Allowance for inventories of \$217,000 (2020: \$218,000) was made during the year.

## N8. Impairment and useful lives of property, plant and equipment

The Group assesses at the end of each reporting period whether property, plant and equipment have any indication of impairment. If there are indicators of impairment, the recoverable amount of property, plant and equipment will be determined based on higher of value in use calculations or the fair value less costs to sell.

A considerable amount of judgement is required in determining the recoverable amount of the property, plant and equipment, which includes, among other factors, the recent transaction prices for similar assets, the condition, utility, age, wear and tear and/or obsolescence of the property, plant and equipment.

Management reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the financial year, management determined that there were no changes to the useful lives of the property, plant and equipment.

The carrying amount of property, plant and equipment of the Group and Company at the end of the reporting was \$11,081,000 (2020: \$11,477,000).

## N9. Aggregate amount of Group's borrowings and debt securities

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

30 June 2021 (*)		30 June 2020	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
241	-	262	-

### Amount repayable after one year

30 June 2021 (*)		30 June 2020	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,034	-	1,255	-

(\*) Unaudited

### Details of any collateral

Certain plant and equipment with a carrying amount of \$6,000 (30 June 2020: \$81,000) are secured by the lessors' titles to the leased assets.

## N10. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 30 June 2020:

	Group		Company	
	30-Jun-21 \$'000 Unaudited	30-Jun-20 \$'000 Audited	30-Jun-21 \$'000 Unaudited	30-Jun-20 \$'000 Audited
<b>Financial assets</b>				
Financial assets at amortised cost	<u>43,807</u>	<u>43,161</u>	<u>43,807</u>	<u>43,161</u>
<b>Financial liabilities</b>				
Financial liabilities at amortised cost	<u>5,220</u>	<u>3,831</u>	<u>5,316</u>	<u>3,898</u>

**1(d)(ii) Details of any changes in the company's share capital arising from the rights issue, bonus issue, subdivision, consolidation, share buy-backs, the exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for the acquisition or 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 2020), there was no change in the Company's share capital during the six months ended 30 June 2021.

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

	<b>As at 30 June 2021</b>	<b>As at 30 June 2020</b>
<b>Number of shares that may be issued on conversion of all the outstanding convertibles</b>	-	-
<b>Treasury Shares</b>	4,154,000	4,154,000
<b>Total number of issued shares excluding treasury shares</b>	171,046,041	171,046,041
<b>Percentage of aggregate number of treasury shares and subsidiary holdings* held against the total number of issued shares excluding treasury shares</b>	2.43%	2.43%
<i>*The Company does not have any subsidiary that holds shares issued by the Company.</i>		

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.**

<b>Total number of issued shares excluding treasury shares</b>	<b>Number of shares</b>
Balance as at 30 June 2021	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 30 June 2021, 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 has 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.**

See paragraph N2 of the "Notes to the condensed interim consolidated 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 adjustment made to the earnings).**

Group	Period/Year ended 30 June			
	2H 2021	2H 2020	FY 2021	FY 2020
<b>Earnings per ordinary share (cents) ("EPS")</b>				
Basic	1.36	1.67	2.03	3.49
Diluted	1.36	1.67	2.03	3.49
Weighted average number of ordinary shares in issue for basic EPS	171,046,041	171,046,041	171,046,041	171,046,041
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	
	30-Jun-2021	30-Jun-2020	30-Jun-2021	30-Jun-2020
Net assets value per ordinary share (cents)	29.99	29.95	29.93	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 Company used for the above calculation have been adjusted to exclude the number of treasury shares.

8. **Review of Group Performance for the Second Half ended 30 June 2021 (“2H 2021”) vs. Second Half ended 30 June 2020 (“2H 2020”) and Full Year ended 30 June 2021 (“FY 2021”) vs. Full Year ended 30 June 2020 (“FY 2020”).**

### **STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

#### **Revenue**

##### FY 2021 vs. FY 2020

In FY 2021, the Group reported revenue of \$29.3 million, a decrease of \$0.1 million or 0.2% as compared to FY 2020 of \$29.4 million. The Burn-In Services business segment registered lower revenue of \$6.7 million in FY 2021, as compared to revenue of \$11.1 million in FY 2020. The Manufacturing and PCBA Services business segment remained the largest contributor to the Group’s revenue, with higher revenue of \$17.9 million in FY 2021 as compared to \$14.1 million in FY 2020. The Engineering Services business segment registered higher revenue of \$4.7 million in FY 2021, as compared to revenue of \$4.2 million in FY 2020.

##### 2H 2021 vs. 2H 2020

In 2H 2021, the Group reported revenue of \$16.7 million, an increase of \$2.9 million or 21.2% as compared to 2H 2020 of \$13.8 million. The Manufacturing and PCBA Services and Engineering Services business segments registered higher revenue of \$10.1 million and \$3.3 million in 2H 2021 respectively, as compared to revenue of \$6.9 million and \$2.2 million respectively in 2H 2020. The Burn-In Services business segment registered a lower revenue of \$3.3 million in 2H 2021, as compared to revenue of \$4.7 million in 2H 2020.

#### **Gross profit**

##### FY 2021 vs. FY 2020 / 2H 2021 vs. 2H 2020

The Group reported a gross profit of \$7.5 million in FY 2021, a decrease of \$3.0 million or 28.3% as compared to \$10.5 million in FY 2020.

The Group reported a gross profit of \$4.3 million in 2H 2021, a decrease of \$0.2 million or 3.2% as compared to \$4.5 million in 2H 2020.

The decrease in the Group’s gross profit for the respective periods were mainly attributable to the reduced sales in the Burn-In Services business segment.

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

##### FY 2021 vs. FY 2020 / 2H 2021 vs. 2H 2020

The Group reported a profit of \$3.5 million in FY 2021, a decrease of \$2.5 million or 41.7% as compared to \$6.0 million in FY 2020.

The Group reported a profit of \$2.3 million in 2H 2021, a decrease of \$0.6 million or 18.8% as compared to \$2.9 million for 2H 2020.

The decreases in profit of the respective periods were in line with the decrease in gross profit.

## **STATEMENT OF FINANCIAL POSITION**

Total Group's assets increased by \$0.3 million or 0.6% from \$59.2 million as at 30 June 2020 to \$59.5 million as at 30 June 2021. The increase was primarily due to the increased cash and bank balances of \$1.2 million, trade and other receivables of \$2.8 million as well as inventories of \$0.9 million. The overall increase was partially offset by the decrease in fixed and call deposits of \$3.6 million, intangible assets of \$0.3 million, property, plant and equipment of \$0.4 million, investment in associate of \$0.1 million as well as right-of-use assets of \$0.2 million.

Total Group's liabilities increased by \$0.3 million or 4.0% from \$7.9 million as at 30 June 2020 to \$8.2 million as at 30 June 2021. The increase was primarily due to the increase in trade and other payables of \$1.0 million and deferred tax liabilities of \$0.2 million, which were partially offset by the decrease in lease liabilities and income tax payable of \$0.2 million and \$0.7 million respectively.

The Group had a positive working capital of \$40.7 million as at 30 June 2021 as compared to \$39.7 million as at 30 June 2020.

## **STATEMENT OF CASH FLOW**

The Group generated net cash from operating activities of \$1.6 million for FY 2021. This was primarily due to the profit generated for the year.

Net cash from investing activities was \$7.3 million, which was mainly attributed to the withdrawal of fixed deposits placed with financial institutions with over three (3)-month tenures. Net cash used in financing activities was \$3.7 million, which was primarily due to the dividend paid.

There was an increase in cash and cash equivalents of \$5.2 million for FY 2021.

The Group closed FY 2021 with cash and cash equivalents of \$15.8 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 30 June 2021. The Group's results for the second half year ended 30 June 2021 were generally in line with the commentary under item 10 of the Group's previous results announcement in respect of the period ended 31 December 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.**

While the Group achieved stronger performance in 2H 2021 as compared to 1H 2021, we remain cautious as the business environment continues to be challenging due to uncertainties in relation to how the COVID-19 pandemic will develop. The Group will continue to strengthen its core competencies while seeking new opportunities for growth, including mergers and acquisitions or even new partnerships, to aid the business and enhance shareholder value.

### **11. Dividends**

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

Dividend declared and paid

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

Dividend proposed

<b>Period</b>	<b>30 June 2021</b>
<b>Name of Dividend</b>	Final
<b>Dividend Type</b>	Cash
<b>Dividend Rate</b>	1.0 cent per ordinary share
<b>Tax Rate</b>	One tier tax exempt

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

<b>Period</b>	<b>31 December 2019</b>	<b>30 June 2020</b>	<b>30 June 2020</b>
<b>Name of Dividend</b>	Interim	Final	Special
<b>Dividend Type</b>	Cash	Cash	Cash
<b>Dividend Rate</b>	1.0 cent per ordinary share	1.0 cent per ordinary share	0.5 cents per ordinary share
<b>Tax Rate</b>	One tier tax exempt	One tier tax exempt	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.**

Final dividend

The proposed one-tier tax exempt final dividend, which shall be subject to shareholders' approval at the forthcoming annual general meeting of the Company, is payable on 29 November 2021.

- (e) **Books Closure Date.**

Notice is hereby given that the Transfer books and the Register of Members will be closed on 15 November 2021 for the preparation of the final 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 12 November 2021 will be registered to determine shareholders' entitlement to the one-tier tax-exempt final dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5:00 p.m. on 12 November 2021 will be entitled to the final 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 ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not sought a general mandate from shareholders for IPTs.

14. **Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been**



**used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed.**

The Group raised approximately \$29.0 million from its IPO on 25 July 2007. As at 30 June 2021, the total net proceeds of approximately \$26.7 million (after deducting the IPO expenses of approximately \$2.3 million, as disclosed on page 33 of the Company's prospectus dated 11 July 2007) from the IPO were used for the following purposes:

	<b>Use of IPO proceeds as at 30 June 2021 (S\$ million)</b>	<b>Balance as at 30 June 2021 (S\$ million)</b>
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
<b>Total</b>	<b>22.0</b>	<b>4.7</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. 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.

## PART II - Additional Information Required for Full Year Announcement

16. **Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the Company's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

See paragraph N3.1 of the "Notes to the condensed interim consolidated financial statements" above.

17. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

See item 8 above.

18. **A breakdown of sales.**

See paragraph N3.1 of the "Notes to the condensed interim consolidated financial statements" above.

19. **A breakdown of the total annual dividend (in dollar value) for the Company's latest full year and its previous full year.**

	<b>Financial year 30 June 2021 \$'000</b>	<b>Financial year 30 June 2020 \$'000</b>
Ordinary - paid	3,421	4,275
Ordinary - proposed	-	-
Preference	-	-
Total	<u>3,421</u>	<u>4,275</u>

20. **Disclosure of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13) in the format below. If there are no such persons, the Company must make an appropriate negative statement.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director, CEO and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Mr Lim Eng Hong	72	Founder and substantial shareholder	Chief Executive Officer, 1985	Nil
Mr Alvin Lim Tai Meng	45	Son of Mr Lim Eng Hong	Chief Operating Officer, 2013	Nil

**BY ORDER OF THE BOARD**  
**Lim Eng Hong**  
**Chief Executive Officer**  
**17 August 2021**