

AVI-TECH HOLDINGS LIMITED**(Company Registration No. 202002889W)****Unaudited Financial Statements for the First Half Year ended 31 December 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 first half year ended 31 December 2021

		Group		Change	
		1st Half Year Ended 31-Dec-21 \$'000 Unaudited	31-Dec-20 \$'000 Unaudited	\$'000	%
Revenue	N3	15,509	12,646	2,863	22.6
Cost of sales		(11,199)	(9,442)	(1,757)	18.6
Gross profit		<u>4,310</u>	<u>3,204</u>	1,106	34.5
Other operating income		370	834	(464)	(55.6)
Distribution costs		(51)	(28)	(23)	82.1
Administrative expenses		(2,318)	(2,317)	(1)	n.m.
Net foreign exchange gains/(loss)		76	(275)	351	n.m.
Finance costs		(14)	(17)	3	(17.6)
Profit before income tax	N4	<u>2,373</u>	<u>1,401</u>	972	69.4
Income tax expense	N5	(398)	(245)	(153)	62.4
Profit for the period representing total comprehensive income for the period		<u><u>1,975</u></u>	<u><u>1,156</u></u>	819	70.8

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 31 December 2021**

ASSETS		Group		Company	
		31-Dec-21 \$'000 Unaudited	30-Jun-21 \$'000 Audited	31-Dec-21 \$'000 Unaudited	30-Jun-21 \$'000 Unaudited
Current assets					
Cash and bank balances		19,004	9,815	-	-
Fixed deposits		16,300	26,000	-	-
Trade receivables	N6	6,371	7,890	-	-
Other receivables and prepayments		265	149	-	-*
Inventories	N7	4,438	2,953	-	-
Total current assets		46,378	46,807	-	-
Non-current assets					
Property, plant and equipment	N8	10,705	11,081	-	-
Right-of-use asset		1,124	1,244	-	-
Subsidiaries		-	-	30,759	-
Associate		410	410	-	-
Total non-current assets		12,239	12,735	30,759	-
Total assets		58,617	59,542	30,759	-
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables		2,750	3,724	-	-
Other payables		1,287	1,496	-	-
Lease liabilities	N9	241	241	-	-
Income tax payable		767	655	-	-
Total current liabilities		5,045	6,116	-	-
Non-current liabilities					
Lease liabilities	N9	915	1,034	-	-
Deferred tax liabilities		1,103	1,103	-	-
Total non-current liabilities		2,018	2,137	-	-
Total liabilities		7,063	8,253	-	-
Capital and reserves					
Share capital	N10	30,759	31,732	30,759	-*
Treasury shares	N10	-	(973)	-	-
Reserves		20,795	20,530	-	-
Total equity		51,554	51,289	30,759	-
Total liabilities and equity		58,617	59,542	30,759	-

* less than thousand

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 first half year ended 31 December 2021**

	31-Dec-21	31-Dec-20
	1st Half Year Ended	
	\$'000	\$'000
Operating activities		
Profit before income tax	2,373	1,401
Adjustments for:		
Depreciation of property, plant and equipment	477	510
Depreciation of right-of-use asset	120	118
Interest expenses	14	17
Interest income	(62)	(121)
Operating cash flows before movements in working capital	<u>2,922</u>	<u>1,925</u>
Trade receivables	1,519	(251)
Other receivables and prepayments	(116)	323
Inventories	(1,485)	(560)
Trade payables	(974)	743
Other payables	(209)	(781)
Cash generated from operations	<u>1,657</u>	<u>1,399</u>
Income tax paid	(286)	(527)
Interest paid	(14)	(17)
Interest received	62	121
Net cash from operating activities	<u>1,419</u>	<u>976</u>
Investing activities		
Additions to property, plant and equipment	(101)	(201)
Additions to intangible asset	-	(82)
Withdrawals from fixed deposits	6,700	20,944
Net cash from investing activities	<u>6,599</u>	<u>20,661</u>
Financing activities		
Dividend paid	(1,710)	(2,566)
Repayment of lease liabilities	(119)	(131)
Net cash used in financing activities	<u>(1,829)</u>	<u>(2,697)</u>
Net increase in cash and cash equivalents	6,189	18,940
Cash and cash equivalents at beginning of financial period	15,815	10,620
Cash and cash equivalents at end of financial period (NOTE A)	<u><u>22,004</u></u>	<u><u>29,560</u></u>

NOTE A

	The Group	
	1st Half Year Ended	
	31-Dec-21	31-Dec-20
	\$'000	\$'000
Cash and cash equivalents consists of:		
Cash and bank balances	19,004	3,460
Fixed deposits	3,000	26,100
	<u>22,004</u>	<u>29,560</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 first half year ended 31 December 2021

GROUP	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Total reserves \$'000	Total \$'000
Balance at 1 July 2021	31,732	(973)	20,530	20,530	51,289
Total comprehensive income for the period	-	-	1,975	1,975	1,975
Transactions with owners, recognised directly in equity					
Dividends	-	-	(1,710)	(1,710)	(1,710)
Cancellation of Treasury shares	(973)	973	-	-	-
	(973)	973	(1,710)	(1,710)	(1,710)
Balance at 31 December 2021 (*)	30,759	-	20,795	20,795	51,554
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

(*) Unaudited

COMPANY	Share capital \$'000	Retained earnings \$'000	Total reserves \$'000	Total \$'000
Balance at 1 July 2021	-**	-	-	-**
Total comprehensive income for the period	-	-	-	-
Shares allotted and issued	30,759	-	-	30,759
Balance at 31 December 2021 (*)	30,759	-	-	30,759
Balance at 1 July 2020	-**	-	-	-**
Total comprehensive income for the period	-	-	-	-
Balance at 31 December 2020 (*)	 -**	-	-	 -**

(*) Unaudited

** Less than thousand

Notes to the condensed interim consolidated financial statements

N1. Corporate Information

The Company (Registration No. 202002889W) 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 first half-year ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries 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 and provision of business support activities.

N2. Basis of Preparation

The condensed interim financial statements for the first half-year ended 31 December 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 annual financial statements for the year ended 30 June 2021.

The Group completed a corporate restructuring exercise during the period through which the Company acquired all the issued and paid-up ordinary shares of Avi-Tech Electronics Limited through issuance of ordinary shares in exchange for Avi-Tech Electronics Limited’s ordinary shares. Consequently, the Company became the ultimate holding company of the Group. The Group resulting from the restructuring is regarded as a continuing entity throughout the 6 months period ended 31 December 2021 and for the year ended 30 June 2021 as the shareholders and management of the Group remain the same as those of Avi-Tech Electronics Limited.

The Group has applied the same accounting policies and methods of computation as in the most recently audited financial statements of Avi-Tech Electronics Limited and its subsidiaries which were prepared in accordance with SFRS(I)s.

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

N2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

N2.2. 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 2021.

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 recognized 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 interim period are included in the following notes:

- Note 6 - Calculation of loss allowance for trade receivables
- Note 7 - Allowance for inventories
- 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 the performance of the operating segments.

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

N3.1. Reportable segments

For the first half year ended 31 December 2021

Business segments	Burn-in Services \$'000	Manufacturing and PCBA Services \$'000	Engineering \$'000	Eliminations	Total \$'000
Revenue					
External revenue	3,288	8,755	3,466	-	15,509
Inter-segment revenue	-	-	-	-	-
	<u>3,288</u>	<u>8,754</u>	<u>3,466</u>	<u>-</u>	<u>15,509</u>
Segment results	847	962	253	-	2,062
Interest expense					(14)
Interest income					62
Rental income					254
Unallocated income					119
Unallocated expenses					(110)
Profit before income tax					<u>2,373</u>
Income tax expense					(398)
Profit for the period					<u><u>1,975</u></u>
Other Information					
Additions to non-current assets	13	77	11		101
Depreciation					
Allocated	127	337	133		597

For the first half year ended 31 December 2020

	Burn-in Services	Manufacturing and PCBA Services	Engineering	Eliminations	Total
Business segments	\$'000	\$'000	\$'000		\$'000
Revenue					
External revenue	3,382	7,832	1,432	-	12,646
Inter-segment revenue	-	-	-	-	-
	<u>3,382</u>	<u>7,832</u>	<u>1,432</u>	<u>-</u>	<u>12,646</u>
Segment results	980	714	(140)	-	1,554
Interest expense					(17)
Interest income					121
Rental income					214
Unallocated income					53
Unallocated expenses					<u>(524)</u>
Profit before income tax					<u>1,401</u>
Income tax expense					(245)
Profit for the year					<u><u>1,156</u></u>
Other Information					
Additions to non-current assets	34	235	14		283
Depreciation					
Allocated	170	389	69		628

Consolidated statement of financial position

As at 31 December 2021

	Burn-in Services	Manufacturing and PCBA Services	Engineering	Eliminations	Total
Business segments	\$'000	\$'000	\$'000	\$'000	\$'000
Assets					
Segment assets	3,858	12,569	6,212		22,639
Unallocated corporate assets					35,978
Total assets					58,617
Liabilities					
Segment liabilities	1,101	2,931	1,161		5,193
Unallocated corporate liabilities					1,870
Total liabilities					7,063

As at 30 June 2021

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

Geographical Segments

	Revenue		Carrying amount of non-current assets	
	1st Half Year Ended 2022 \$'000	2021 \$'000	1st Half Year Ended 2022 \$'000	2021 \$'000
	Unaudited	Unaudited	Unaudited	Unaudited
Singapore	6,068	4,053	12,239	13,348
USA	4,614	3,158	-	-
Philippines	1,673	1,739	-	-
China	1,358	1,266	-	-
Malaysia	1,055	1,268	-	-
Others	741	1,162	-	-
	15,509	12,646	12,239	13,348

For the first half-year ended 31 December 2021 (“1H 2022”) vs. first half-year ended 31 December 2020 (“1H 2021”)

Included in revenues of \$15,509,000 (1H 2021: \$12,646,000) are revenues of \$5,082,000 (1H 2021: \$3,367,000) and \$1,580,000 (1H 2021: \$1,868,000) arising from sales to two major customers from the Burn-in Services and Manufacturing and PCBA Services business segments, and revenues of \$2,544,000 (1H 2021: 1,038,000) arising from sales to a major customer from the Engineering business segment. These revenues account for approximately 59% (1H 2021: 50%) of the Group’s revenue.

N4. Profit before taxation

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

	1st Half Year Ended		Change	
	31-Dec-21 \$'000 Unaudited	31-Dec-20 \$'000 Unaudited	\$'000	%
Depreciation of property, plant and equipment	(477)	(510)	33	(6.5)
Depreciation of right-of-use asset	(120)	(118)	(2)	1.7
Interest expenses	(14)	(17)	3	(17.6)
Interest income	62	121	(59)	(48.8)
Rental income	254	214	40	18.7

N4.1. Related party transactions

There are no material related party transactions.

N5. Income tax expense

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

	1st Half Year Ended		Change	
	2022 \$'000 Unaudited	2021 \$'000 Unaudited	\$'000	%
Income tax:				
- Current	406	243	163	67.1
- (Over) Under provision in respect of prior years	(8)	1	(9)	n.m.
Withholding tax	-	1	(1)	n.m.
	<u>398</u>	<u>245</u>	153	62.4

n.m. : not meaningful

N6. Calculation of loss allowance for trade receivables

The Group uses a 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 historically observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historically observed default rates forecasts 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 customers' 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 at the end of the reporting period was \$6,371,000 (2021: \$7,890,000).

N7. Allowance for inventories

The Group reviews the carrying value of its inventories so that they are stated at the lower cost and net realizable value. In assessing net realizable 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 realized 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 realized 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 ongoing 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 at the end of the reporting period was \$4,438,000 (2021: \$2,953,000), net of allowance amounted to \$1,356,000 (2021: \$1,356,000).

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 at the end of the reporting was \$10,705,000 (2021: \$11,081,000).

N9. Aggregate amount of Group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

31 December 2021 (*)		30 June 2021	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
241	-	241	-

Amount repayable after one year

31 December 2021 (*)		30 June 2021	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
915	-	1,034	-

(*) Unaudited

Details of any collateral

As at 31 December 2021, certain plants and equipment with a carrying amount of \$Nil (30 June 2021: \$6,000) are secured by the lessors' titles to the leased assets.

N10. Share capital and Treasury shares

Prior to the Restructuring (as defined below), the Group's ultimate holding company was Avi-Tech Electronics Limited (nka Avi-Tech Electronics Pte Ltd) ("**AVTE**"), which had an issued and paid-up share capital of S\$31,732,000 amounting to 175,200,041 ordinary shares (including 4,154,000 treasury shares having an issued and paid-up share capital of \$973,000).

Pursuant to the corporate restructuring ("**Restructuring**") of AVTE by way of a scheme of arrangement ("**Scheme**"), which became effective on 23 December 2021 ("**Effective Date**"):

- i) 4,154,000 treasury shares in AVTE having an issued and paid-up share capital of \$973,000 were cancelled, resulting in a reduction of AVTE's share capital on 22 December 2021; and
- ii) 171,046,040 new ordinary shares amounting to \$30,759,000 in the capital of Avi-Tech Holdings Limited ("**Company**") were allotted and issued by the Company on 28 December 2021 to the shareholders of AVTE, on the basis of one (1) ordinary share in the Company for every one (1) ordinary share in AVTE held by all the then shareholders of AVTE, in consideration for the acquisition by the Company of all the existing ordinary shares in the share capital of AVTE.

N11. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 30 June 2021:

	Group		Company	
	31-Dec-21 \$'000 Unaudited	30-Jun-21 \$'000 Audited	31-Dec-21 \$'000 Unaudited	30-Jun-21 \$'000 Unaudited
Financial assets				
Financial assets at amortised cost	<u>41,823</u>	<u>43,807</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Financial liabilities at amortised cost	<u>4,037</u>	<u>5,220</u>	<u>-</u>	<u>-</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.

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

	As at 31 December 2021	As at 31 December 2020 ⁽¹⁾
Number of shares that may be issued on conversion of all the outstanding convertibles	-	-
Treasury Shares	-	4,154,000
Total number of issued shares excluding treasury shares	171,046,041	171,046,041
Percentage of aggregate number of treasury shares and subsidiary holdings* held against the total number of issued shares excluding treasury shares	-	2.43%

⁽¹⁾ In AVTE

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 2021	171,046,041
Balance as at 30 June 2021 in AVTE, prior to the Effective Date of the Scheme	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.

4,154,000 treasury shares in AVTE had been cancelled as at 31 December 2021 pursuant to the Scheme and the Restructuring.

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	1 st Half-year ended 31 December	
	FY2022	FY2021
Earnings per ordinary shares (cents) ("EPS")		
Basic	1.15	0.68
Diluted	1.15	0.68
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-2021	30-Jun-2021	31-Dec-2021	30-Jun-2021
Net assets value per ordinary share (cents)	30.14	29.99	17.98	-
Number of ordinary shares at period/year end	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 First Half ended 31 December 2021 ("1H 2022") vs. First Half ended 31 December 2020 ("1H 2021").**

Statement of Profit or Loss and Other Comprehensive Income

Revenue

1H 2022 vs. 1H 2021

In 1H 2022, the Group reported revenue of \$15.5 million, an increase of \$2.9 million or 22.6% as compared to 1H 2021 of \$12.6 million. The Burn-In Services business segment registered revenue of \$3.3 million in 1H 2022 as compared to revenue of \$3.4 million in 1H 2021. The Manufacturing and PCBA Services business segment, which remained as the largest contributor to the Group revenue, registered higher revenue of \$8.7 million in 1H 2022 as compared to revenue of \$7.8 million in 1H 2021. The Engineering Services business segment registered higher revenue of \$3.5 million in 1H 2022 as compared to revenue of \$1.4 million in 1H 2021.

Gross profit

1H 2022 vs. 1H 2021

The Group reported a gross profit of \$4.3 million in 1H 2022, an increase of \$1.1 million or 34.5% as compared to \$3.2 million in 1H 2021.

The increase in gross profit for the comparative periods was in line with the growth in Group's revenue, accompanied by a reduction in the unit cost of production as a result of efficiency in allocating resources across all business segments.

Profit for the period

1H 2022 vs. 1H 2021

The Group reported a profit of \$2.0 million in 1H 2022 as compared to \$1.2 million in 1H 2021. The increase in profit was mainly due to the increase in gross profit, was partially offset with the decrease in other operating income wherein 1H 2021 there was a grant income of \$0.4 million from Jobs Support Scheme ("JSS") and no grant income was provided for JSS in 1H 2022.

Statements of Financial Position

The Group's total assets decreased by \$0.9 million or 1.6% from \$59.5 million as at 30 June 2021 to \$58.6 million as at 31 December 2021. The decrease was primarily due to the decrease in fixed and call deposits of \$9.7 million, trade and other receivables of \$1.4 million, property, plant and equipment of \$0.4 million as well as right-of-use asset of \$0.1 million. The overall decrease was partially offset by the increase in cash and bank balances as well as inventories of \$9.2 million and \$1.5 million respectively.

The Group's total liabilities decreased by \$1.2 million or 14.4% from \$8.3 million as at 30 June 2021 to \$7.1 million as at 31 December 2021. The decrease was primarily due to the decrease in trade and other payables of \$1.2 million as well as lease liabilities of \$0.1 million, which was partially offset by the increase in income tax payable of \$0.1 million.

The Group had a positive working capital of \$41.3 million as at 31 December 2021 as compared to \$40.7 million as at 30 June 2021.

Statement of Cash Flows

The Group generated net cash from operating activities of \$1.4 million for the six (6) months ended 31 December 2021. This was primarily due to the profit generated for the period.

Net cash from investing activities was \$6.6 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 \$1.8 million, which was primarily due to the dividend paid.

There was an increase in cash and cash equivalents of \$6.2 million for 1H 2022.

The Group closed the period with cash and cash equivalents of \$22.0 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 2021. The Group's results for the first half-year ended 31 December 2021 were generally in line with the commentary under item 10 of the Avi-Tech Electronics Limited and its subsidiaries' previous results announcement in respect of the period ended 30 June 2021.

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 current COVID-19 pandemic situation seems to have improved as compared to the year before, uncertainty still remains. The Group had managed to maintain profitability for FY2021 and remains hopeful for FY 2022. The Group will continue to focus on its core business while actively 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.

Period	31 December 2021
Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	0.75 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 2020
Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	0.5 cents 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 17 May 2022.

- (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 Transfer books and the Register of Members will be closed on 6 May 2022 for the preparation of the interim dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, up to 5:00 p.m. on 5 May 2022 will be registered to determine shareholders' entitlement to the one-tier tax-exempt interim dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5:00 p.m. on 5 May 2022 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 ("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 31 December 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 Avi-Tech Electronics Limited's prospectus dated 11 July 2007) from the IPO were used for the following purposes:

	Use of IPO proceeds as at 31 December 2021 (S\$ million)	Balance as at 31 December 2021 (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 Group's planned utilization 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 2021 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.

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
10 February 2022