

AVI-TECH HOLDINGS LIMITED

(Company Registration No. 202002889W)

Full Year Financial Statements and Dividend Announcement for the Year Ended 30 June 2022**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 2022

		2nd Half Year Ended		Change %	Group Financial Year Ended		Change %
		2022	2021		2022	2021	
		\$'000 Unaudited	\$'000 Unaudited		\$'000 Unaudited	\$'000 Audited	
Revenue	N3	15,340	16,693	(8.1)	30,849	29,339	5.1
Cost of sales		(11,865)	(12,359)	(4.0)	(23,064)	(21,801)	5.8
Gross profit		<u>3,475</u>	<u>4,334</u>	(19.8)	<u>7,785</u>	<u>7,538</u>	3.3
Other operating income		448	593	(24.5)	818	1,427	(42.7)
Distribution costs		(55)	(42)	31.0	(106)	(70)	51.4
Administrative expenses		(2,604)	(2,070)	25.8	(4,922)	(4,387)	12.2
Net foreign exchange gains/(loss)		77	83	(7.2)	153	(192)	n.m.
Share of loss of associate		(42)	(90)	(53.3)	(42)	(90)	(53.3)
Finance costs		(11)	(17)	(35.3)	(25)	(34)	(26.5)
Profit before income tax	N4	<u>1,288</u>	<u>2,791</u>	(53.9)	<u>3,661</u>	<u>4,192</u>	(12.7)
Income tax expense	N5	(122)	(467)	(73.9)	(520)	(712)	(27.0)
Profit for the period/year representing total comprehensive income for the period/year		<u><u>1,166</u></u>	<u><u>2,324</u></u>	(49.8)	<u><u>3,141</u></u>	<u><u>3,480</u></u>	(9.7)

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 2022

ASSETS	Group		Company	
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
	\$'000	\$'000	\$'000	\$'000
	Unaudited	Audited	Unaudited	Unaudited
Current assets				
Cash and bank balances	4,618	9,815	203	-
Fixed deposits	28,500	26,000	18,500	-
Trade receivables	N6 8,049	7,890	12	-
Other receivables and prepayments	729	149	16	- **
Inventories	N7 3,779	2,953	-	-
Total current assets	45,675	46,807	18,731	-
Non-current assets				
Property, plant and equipment	N8 10,832	11,081	-	-
Right-of-use assets	1,003	1,244	-	-
Subsidiaries	-	-	51,464	-
Associate	200	410	-	-
Other receivables and prepayments	1,042	-	-	-
Total non-current assets	13,077	12,735	51,464	-
Total assets	58,752	59,542	70,195	-
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	2,910	3,724	-	-
Other payables	1,628	1,496	139	-
Lease liabilities	N9 241	241	-	-
Income tax payable	636	655	1	-
Total current liabilities	5,415	6,116	140	-
Non-current liabilities				
Lease liabilities	N9 797	1,034	-	-
Deferred tax liabilities	1,103	1,103	-	-
Total non-current liabilities	1,900	2,137	-	-
Total liabilities	7,315	8,253	140	-
Capital and reserves				
Share capital	N10 30,759	31,732	30,759	- **
Treasury shares	N10 -	(973)	-	-
Reserves	20,678	20,530	39,296	-
Total equity	51,437	51,289	70,055	-
Total liabilities and total equity	58,752	59,542	70,195	-

** 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 second half and full year ended 30 June 2022**

	30-Jun-22 2nd Half Year Ended \$'000	30-Jun-21 Financial Year Ended \$'000	30-Jun-22 Financial Year Ended \$'000	30-Jun-21 Financial Year Ended \$'000
Operating activities				
Profit before income tax	1,288	2,791	3,661	4,192
Adjustments for:				
Impairment loss on associate	168	-	168	-
Share of loss of associate	42	90	42	90
Depreciation of property, plant and equipment	508	507	985	1,017
Depreciation of right-of-use assets	121	120	241	238
Gain on disposal of property, plant and equipment	(16)	-	(16)	-
Allowance for inventories obsolescence	53	217	53	217
Interest expenses	11	17	25	34
Interest income	(33)	(62)	(95)	(183)
Operating cash flows before movements in working capital	<u>2,142</u>	<u>3,680</u>	<u>5,064</u>	<u>5,605</u>
Trade receivables	(1,678)	(3,006)	(159)	(3,257)
Other receivables and prepayments	(464)	102	(580)	425
Inventories	606	(610)	(879)	(1,170)
Trade payables	160	1,328	(814)	2,071
Other payables	341	(257)	132	(1,038)
Cash generated from operations	<u>1,107</u>	<u>1,237</u>	<u>2,764</u>	<u>2,636</u>
Income tax paid	(253)	(657)	(539)	(1,184)
Interest paid	(11)	(17)	(25)	(34)
Interest received	33	62	95	183
Net cash from operating activities	<u>876</u>	<u>625</u>	<u>2,295</u>	<u>1,601</u>
Investing activities				
Additions to property, plant and equipment	(635)	(83)	(736)	(366)
Advances paid for the purchase of property, plant and equipment	(1,042)	-	(1,042)	-
Proceeds from disposal of property, plant and equipment	16	-	16	-
(Placement of)/Withdrawals from fixed deposits	(2,700)	(13,300)	4,000	7,644
Net cash (used in)/from investing activities	<u>(4,361)</u>	<u>(13,383)</u>	<u>2,238</u>	<u>7,278</u>
Financing activities				
Dividend paid	(1,283)	(855)	(2,993)	(3,421)
Repayment of lease liabilities	(118)	(132)	(237)	(263)
Net cash used in financing activities	<u>(1,401)</u>	<u>(987)</u>	<u>(3,230)</u>	<u>(3,684)</u>
Net (decrease)/increase in cash and cash equivalents	(4,886)	(13,745)	1,303	5,195
Cash and cash equivalents at beginning of financial year	22,004	29,560	15,815	10,620
Cash and cash equivalents at end of financial year (NOTE A)	<u>17,118</u>	<u>15,815</u>	<u>17,118</u>	<u>15,815</u>

NOTE A

	30-Jun-22 2nd Half Year Ended \$'000	30-Jun-21 Financial Year Ended \$'000	30-Jun-22 Financial Year Ended \$'000	30-Jun-21 Financial Year Ended \$'000
Cash and cash equivalents consists of:				
Cash and bank balances	4,618	9,815	4,618	9,815
Fixed and call deposits	12,500	6,000	12,500	6,000
	<u>17,118</u>	<u>15,815</u>	<u>17,118</u>	<u>15,815</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 and full year ended 30 June 2022

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
Transaction 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
Total comprehensive income for the period	-	-	1,166	1,166	1,166
Dividends	-	-	(1,283)	(1,283)	(1,283)
Balance at 30 June 2022 (*)	30,759	-	20,678	20,678	51,437
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
Total comprehensive income for the period	-	-	2,324	2,324	2,324
Dividends	-	-	(855)	(855)	(855)
Balance at 30 June 2021	31,732	(973)	20,530	20,530	51,289

(*) Unaudited

COMPANY	Share capital \$'000	Capital reserve \$'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
Effect of corporate restructuring	-	20,705	-	20,705	20,705
Balance at 31 December 2021 (*)	30,759	20,705	-	20,705	51,464
Total comprehensive income for the period	-	-	19,874	19,874	19,874
Dividends	-	-	(1,283)	(1,283)	(1,283)
Balance at 30 June 2022 (*)	30,759	20,705	18,591	39,296	70,055
Balance at 1 July 2020	-**	-	-	-	-**
Total comprehensive income for the period	-	-	-	-	-
Balance at 31 December 2020 (*)	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-
Balance at 30 June 2021 (*)	-**	-	-	-	-**

(*) 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 second half and full year ended 30 June 2022 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 second half and full year ended 30 June 2022 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 2021.

The Group completed a corporate restructuring exercise during the year through which the Company acquired all the issued and paid-up ordinary shares of Avi-Tech Electronics Limited through the 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 year ended 30 June 2022 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 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 are included in the following notes:

- Note 6 - Calculation of loss allowance for trade receivables
- Note 7 - Allowance for inventories
- Note 8 - Impairment 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 full year ended 30 June 2022

Business segments	Burn-in Services \$'000	Manufacturing and PCBA Services \$'000	Engineering \$'000	Eliminations \$'000	Total \$'000
Revenue					
External revenue	6,340	17,008	7,501	-	30,849
Inter-segment revenue	196	884	168	(1,248)	-
	<u>6,536</u>	<u>17,892</u>	<u>7,669</u>	<u>(1,248)</u>	<u>30,849</u>
Segment results	1,039	1,489	805	-	3,333
Interest expense					(25)
Interest income					95
Rental income					528
Unallocated income					154
Unallocated expenses					<u>(424)</u>
Profit before income tax					3,661
Income tax expense					<u>(520)</u>
Profit for the year					<u>3,141</u>
Other Information					
Additions to non-current assets	508	1,251	19		1,778
Impairment loss on associate included in unallocated expenses					168
Depreciation					
Allocated	258	674	294		1,226

For the full year ended 30 June 2021

Business segments	Burn-in Services \$'000	Manufacturing and PCBA Services \$'000	Engineering \$'000	Eliminations \$'000	Total \$'000
Revenue					
External revenue	6,658	17,944	4,737	-	29,339
Inter-segment revenue	-	670	-	(670)	-
	<u>6,658</u>	<u>18,613</u>	<u>4,737</u>	<u>(670)</u>	<u>29,339</u>
Segment results	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)
Profit for the year					<u><u>3,480</u></u>
Other Information					
Additions to non-current assets	48	292	26		366
Depreciation					
Allocated	289	765	201		1,255

For the second half year ended 30 June 2022

Business segments	Burn-in Services \$'000	Manufacturing and PCBA Services \$'000	Engineering \$'000	Eliminations \$'000	Total \$'000
Revenue					
External revenue	3,052	8,253	4,035	-	15,340
Inter-segment revenue	196	884	168	(1,248)	-
	<u>3,248</u>	<u>9,137</u>	<u>4,203</u>	<u>(1,248)</u>	<u>15,340</u>
Segment results	192	527	551	-	1,270
Interest expense					(11)
Interest income					33
Rental income					274
Unallocated income					36
Unallocated expenses					(314)
Profit before income tax					<u>1,288</u>
Income tax expense					(122)
Profit for the year					<u><u>1,166</u></u>
Other Information					
Additions to non-current assets	495	1,174	8		1,677
Impairment loss on associate included in unallocated expenses					168
Depreciation					
Allocated	131	337	161		629

For the second half year ended 30 June 2021

Business segments	Burn-in Services \$'000	Manufacturing and PCBA Services \$'000	Engineering \$'000	Eliminations \$'000	Total \$'000
Revenue					
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>
Segment results	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)
Profit for the year					<u><u>2,324</u></u>
Other Information					
Additions to non-current assets	14	57	12		83
Depreciation					
Allocated	119	376	132		627

Consolidated Statement of financial position

As at 30 June 2022

Business segments	Burn-in Services \$'000	Manufacturing and PCBA Services \$'000	Engineering \$'000	Eliminations \$'000	Total \$'000
Assets					
Segment assets	4,176	13,952	6,576	-	24,704
Unallocated corporate assets					<u>34,048</u>
Total assets					<u><u>58,752</u></u>
Liabilities					
Segment liabilities	1,171	3,067	1,338	-	5,576
Unallocated corporate liabilities					<u>1,739</u>
Total liabilities					<u><u>7,315</u></u>

As at 30 June 2021

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

Geographical Segments

	Revenue				Carrying amount of non-current assets	
	2nd Half Year Ended		Financial Year Ended		Financial Year Ended	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Audited
Singapore	4,998	5,269	11,066	9,322	13,077	12,735
USA	5,025	5,229	9,639	8,387	-	-
Philippines	1,023	2,787	2,696	4,526	-	-
China	2,777	1,360	4,135	2,626	-	-
Malaysia	760	893	1,815	2,161	-	-
Others	757	1,155	1,498	2,317	-	-
	<u>15,340</u>	<u>16,693</u>	<u>30,849</u>	<u>29,339</u>	<u>13,077</u>	<u>12,735</u>

For the second half year ended 30 June 2022 (“2H 2022”) vs. second half year ended 30 June 2021 (“2H 2021”)

Included in revenues of \$15,340,000 (2H 2021: \$16,693,000) is revenue of \$4,031,000 (2H 2021: \$5,198,000) arising from sales to a major customer from the Burn-in Services and Manufacturing and PCBA Services business segments, and revenue of \$3,329,000 (2H 2021: 2,731,000) arising from sales to a major customer from the Engineering business segment. These revenues account for approximately 48% (2H 2021: 47%) of the Group’s revenue.

For the full year ended 30 June 2022 (“FY 2022”) vs. full year ended 30 June 2021 (“FY 2021”)

Included in revenues of \$30,849,000 (FY 2021: \$29,339,000) are revenue of \$9,113,000 (FY 2021: \$15,566,000) arising from sales to a major customer (FY2021: three major customers) from the Burn-in Services and Manufacturing and PCBA Services business segments, and revenue of \$5,873,000 (FY 2021: 3,768,000) arising from sales to a major customer from the Engineering business segment. These revenues account for approximately 49% (FY 2021: 66%) of the Group’s revenue.

Breakdown of sales

	Financial Year Ended		Change %
	2022 \$'000	2021 \$'000	
First Half			
Revenue	15,509	12,646	22.6
Profit after tax	<u>1,975</u>	<u>1,156</u>	70.8
Second Half			
Revenue	15,340	16,693	(8.1)
Profit after tax	<u>1,166</u>	<u>2,324</u>	(49.8)

N4. Profit before income tax

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

	2nd Half Year Ended		Change	Financial Year Ended		Change
	2022	2021		2022	2021	
	\$'000	\$'000	%	\$'000	\$'000	%
	Unaudited	Unaudited		Unaudited	Audited	
Profit for the period is arrived at:-						
Depreciation of property, plant and equipment	(508)	(507)	0.2	(985)	(1,017)	(3.1)
Depreciation of right-of-use assets	(121)	(120)	0.8	(241)	(238)	1.3
Interest expenses	(11)	(17)	(35.3)	(25)	(34)	(26.5)
Interest income	33	62	(46.8)	95	183	(48.1)
Rental income	274	255	7.5	528	469	12.6
Allowance for inventories obsolescence	(53)	(217)	(75.6)	(53)	(217)	(75.6)
Impairment loss on associate	(168)	-	n.m.	(168)	-	n.m.
Gain on disposal of property, plant and equipment	16	-	n.m.	16	-	n.m.

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 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
	2022	2021		2022	2021	
	\$'000	\$'000	%	\$'000	\$'000	%
	Unaudited	Unaudited		Unaudited	Audited	
Income tax:						
- Current	168	421	(60.1)	574	664	(13.6)
- Overprovision in respect of prior years	(46)	(129)	(64.3)	(54)	(128)	(57.8)
Deferred tax	-	175	n.m.	-	175	n.m.
Withholding tax	-	-	n.m.	-	1	n.m.
	<u>122</u>	<u>467</u>	(73.9)	<u>520</u>	<u>712</u>	(27.0)

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, 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 were \$8,049,000 and \$12,000 (2021: \$7,890,000 and \$Nil) respectively.

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 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 \$3,779,000 (2021: \$2,953,000), net of allowance amounted to \$1,179,000 (2021: \$1,356,000). The cost of inventories recognised as an expense including allowance made for obsolescence of inventories was \$53,000 (2021: \$217,000).

N8. Impairment 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 the 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.

The carrying amount of property, plant and equipment of the Group at the end of the reporting was \$10,832,000 (2021: \$11,081,000).

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

30 June 2022 (*)		30 June 2021	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
241	-	241	-

Amount repayable after one year

30 June 2022 (*)		30 June 2021	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
797	-	1,034	-

(*) Unaudited

Details of any collateral

As at 30 June 2022, certain plant and equipment with a carrying amount of \$Nil (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 and Company as at 30 June 2022 and 30 June 2021:

	Group		Company	
	30-Jun-22 \$'000 Unaudited	30-Jun-21 \$'000 Audited	30-Jun-22 \$'000 Unaudited	30-Jun-21 \$'000 Unaudited
Financial assets				
Financial assets at amortised cost	<u>41,702</u>	<u>43,807</u>	<u>18,719</u>	<u>-</u>
Financial liabilities				
Financial liabilities at amortised cost	<u>4,538</u>	<u>5,220</u>	<u>139</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 30 June 2022	As at 30 June 2021 ⁽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 30 June 2022	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 30 June 2022 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	Period/Year ended 30 June			
	2H 2022	2H 2021	FY 2022	FY 2021
Earnings per ordinary share (cents) ("EPS")				
Basic	0.68	1.36	1.84	2.03
Diluted	0.68	1.36	1.84	2.03
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-2022	30-Jun-2021	30-Jun-2022	30-Jun-2021
Net assets value per ordinary share (cents)	30.07	29.99	40.96	-
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 Second Half ended 30 June 2022 ("2H 2022") vs. Second Half ended 30 June 2021 ("2H 2021") and Full Year ended 30 June 2022 ("FY 2022") vs. Full Year ended 30 June 2021 ("FY 2021").

Statement of Profit or Loss and Other Comprehensive Income

Revenue

FY 2022 vs. FY 2021

In FY 2022, the Group reported revenue of \$30.8 million, an increase of \$1.5 million or 5.1% as compared to FY 2021 of \$29.3 million. The Burn-In Services business segment registered revenue of \$6.3 million in FY 2022, as compared to revenue of \$6.7 million in FY 2021. The Manufacturing and PCBA Services business segment, which remained as the largest contributor to the Group revenue, registered revenue of \$17.0 million in FY 2022 as compared to revenue of \$17.9 million in FY 2021. The Engineering Services business segment registered higher revenue of \$7.5 million in FY 2022, as compared to revenue of \$4.7 million in FY 2021.

2H 2022 vs. 2H 2021

In 2H 2022, the Group reported revenue of \$15.3 million, a decrease of \$1.4 million or 8.1% as compared to 2H 2021 of \$16.7 million. The Burn-In Services business segment registered revenue of \$3.0 million in 2H 2022 as compared to revenue of \$3.3 million in 2H 2021. The Manufacturing and PCBA Services business segment, which remained as the largest contributor to the Group revenue, registered revenue of \$8.3 million in 2H 2022 as compared to revenue of \$10.1 million in 2H 2021. The Engineering Services business segment registered higher revenue of \$4.0 million in 2H 2022 as compared to revenue of \$3.3 million in 2H 2021.

Gross profit

FY 2022 vs. FY 2021

The Group reported a gross profit of \$7.8 million in FY 2022, an increase of \$0.3 million or 3.3% as compared to \$7.5 million in FY 2021.

Despite the energy crisis leading to the substantial increase in electricity cost in 2H 2022, the Group's gross profit had increased in FY 2022 as compared to FY2021, which was attributed mainly to the increased sales from the Engineering Services business segment.

2H 2022 vs. 2H 2021

The Group reported a gross profit of \$3.5 million in 2H 2022, a decrease of \$0.8 million or 19.8% as compared to \$4.3 million in 2H 2021.

The decrease in the Group's gross profit for the comparative periods was mainly attributable to the substantial increase in electricity cost in 2H 2022 resulting in an increased cost of operation, especially for the Burn-In Services business segment and the decrease in sales for the Manufacturing and PCBA Services business segment. Nonetheless, the Engineering business segment had registered improved sales, which had aided the overall Group's gross profit in 2H 2022.

Profit for the period

FY 2022 vs. FY 2021

The Group reported a profit of \$3.1 million in FY 2022, a decrease of \$0.4 million or 9.7% as compared to \$3.5 million in FY 2021.

The decrease in operating profit for FY2022 as compared with FY 2021 was apparent with the energy crisis for the 2H 2022 resulting in more than \$0.6m increased cost in electricity which was in addition to the absence of grants amounting to \$0.6m from the Jobs Support Scheme ("JSS") compared to FY 2021.

2H 2022 vs. 2H 2021

The Group reported a profit of \$1.2 million in 2H 2022, a decrease of \$1.2 million or 49.8% as compared to \$2.3 million for 2H 2021.

The decrease in profit for the comparative periods was in line with the decrease in gross profit of the respective periods.

STATEMENT OF FINANCIAL POSITION

The Group's total assets decreased by \$0.8 million or 1.3% from \$59.5 million as at 30 June 2021 to \$58.7 million as at 30 June 2022. 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, investment in associate of \$0.2 million as well as right-of-use assets of \$0.2 million. The overall decrease was partially offset by the increase in fixed and call deposits of \$2.5 million, trade and other receivables of \$1.8 million as well as inventories of \$0.8 million.

The Group's total liabilities decreased by \$1.0 million or 12.0% from \$8.3 million as at 30 June 2021 to \$7.3 million as at 30 June 2022. The decrease was primarily due to the decrease in trade and other payables as well as lease liabilities of \$0.7 million and \$0.3 million respectively.

The Group had a positive working capital of \$40.3 million as at 30 June 2022 as compared to \$40.7 million as at 30 June 2021.

STATEMENT OF CASH FLOWS

The Group generated net cash from operating activities of \$2.3 million for FY 2022. This was primarily due to the profit generated for the year.

Net cash from investing activities was \$2.2 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 \$3.2 million, which was primarily due to the dividend paid.

There was an increase in cash and cash equivalents of \$1.3 million for FY 2022.

The Group closed FY 2022 with cash and cash equivalents of \$17.1 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 2022. The Group's results for the second half year ended 30 June 2022 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 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 COVID-19 epidemic continues to evolve, more countries are trying to co-exist with the virus, with more economies opening up. With it, we saw improvement in global trades over the past 12 months. However, with the current energy crisis, interest rates hike and expectation of further hikes, as well as the uncertainty of the evolution of the virus which could further affect the supply chain, the global trade growth can be easily disrupted. Nonetheless, we remain positive for FY 2023. The Group will continue to focus on our core business while at the same time, exploring 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

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

Dividend proposed

Period	30 June 2022
Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	1.0 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	30 June 2021
Name of Dividend	Interim	Final
Dividend Type	Cash	Cash
Dividend Rate	0.5 cents per ordinary share	1.0 cent per ordinary share
Tax Rate	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, are payable on 29 November 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

Final dividend

Notice is hereby given that the Transfer books and the Register of Members will be closed on 14 November 2022 for the preparation of the final 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 p.m. on 11 November 2022 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 11 November 2022 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 2022, 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 30 June 2022 (\$ million)	Balance as at 30 June 2022 (\$ 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. 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.**

	Financial year 30 June 2022 \$'000	Financial year 30 June 2021 \$'000
Ordinary - paid	2,993	3,421
Ordinary - proposed	-	-
Preference	-	-
Total	<u>2,993</u>	<u>3,421</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.**

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Mr Lim Eng Hong	73	Founder and substantial shareholder	Chief Executive Officer, 1985	Nil
Mr Alvin Lim Tai Meng	46	Son of Mr Lim Eng Hong	Chief Operating Officer, 2013	Nil

BY ORDER OF THE BOARD
Lim Eng Hong
Chief Executive Officer
23 August 2022