

**AVI-TECH HOLDINGS LIMITED****(Company Registration No. 202002889W)****Unaudited Financial Statements for the First Half Year ended 31 December 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 first half year ended 31 December 2022

		Group		Change	
		1st Half Year Ended 31-Dec-22 \$'000 Unaudited	31-Dec-21 \$'000 Unaudited	\$'000	%
Revenue	N3	17,768	15,509	2,259	14.6
Cost of sales		(13,208)	(11,199)	(2,009)	17.9
<b>Gross profit</b>		<u>4,560</u>	<u>4,310</u>	250	5.8
Other operating income		615	370	245	66.2
Distribution costs		(66)	(51)	(15)	29.4
Administrative expenses		(2,319)	(2,318)	(1)	n.m.
Net foreign exchange (loss)/gains		(294)	76	(370)	n.m.
Finance costs		(11)	(14)	3	(21.4)
Profit before income tax	N4	<u>2,485</u>	<u>2,373</u>	112	4.7
Income tax expense	N5	(452)	(398)	(54)	13.6
<b>Profit for the period representing total comprehensive income for the period</b>		<u><u>2,033</u></u>	<u><u>1,975</u></u>	58	2.9

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 2022

	Group		Company	
	31-Dec-22 \$'000 Unaudited	30-Jun-22 \$'000 Audited	31-Dec-22 \$'000 Unaudited	30-Jun-22 \$'000 Audited
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	6,961	4,618	141	203
Fixed deposits	25,800	28,500	18,500	18,500
Trade receivables	N6 6,373	8,049	-	12
Other receivables and prepayments	739	729	233	16
Inventories	N7 4,960	3,779	-	-
Total current assets	<u>44,833</u>	<u>45,675</u>	<u>18,874</u>	<u>18,731</u>
<b>Non-current assets</b>				
Property, plant and equipment	N8 12,029	10,832	-	-
Right-of-use assets	910	1,003	-	-
Other receivables and prepayments	-	1,042	-	-
Subsidiaries	-	-	51,464	51,464
Associate	200	200	-	-
Total non-current assets	<u>13,139</u>	<u>13,077</u>	<u>51,464</u>	<u>51,464</u>
<b>Total assets</b>	<u><u>57,972</u></u>	<u><u>58,752</u></u>	<u><u>70,338</u></u>	<u><u>70,195</u></u>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade payables	1,949	2,910	-	-
Other payables	1,452	1,628	1,942	139
Lease liabilities	N9 251	241	-	-
Income tax payable	763	636	-	1
Total current liabilities	<u>4,415</u>	<u>5,415</u>	<u>1,942</u>	<u>140</u>
<b>Non-current liabilities</b>				
Lease liabilities	N9 694	797	-	-
Deferred tax liabilities	1,103	1,103	-	-
Total non-current liabilities	<u>1,797</u>	<u>1,900</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>6,212</u>	<u>7,315</u>	<u>1,942</u>	<u>140</u>
<b>Capital and reserves</b>				
Share capital	30,759	30,759	30,759	30,759
Reserves	21,001	20,678	37,637	39,296
<b>Total equity</b>	<u>51,760</u>	<u>51,437</u>	<u>68,396</u>	<u>70,055</u>
<b>Total liabilities and equity</b>	<u><u>57,972</u></u>	<u><u>58,752</u></u>	<u><u>70,338</u></u>	<u><u>70,195</u></u>

**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 2022**

	<b>31-Dec-22</b>	<b>31-Dec-21</b>
	<b>1st Half Year Ended</b>	<b>1st Half Year Ended</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>		
Profit before income tax	2,485	2,373
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	519	477
Depreciation of right-of-use assets	123	120
Gain on disposal of property, plant and equipment	(3)	-
Interest expenses	11	14
Interest income	(321)	(62)
Operating cash flows before movements in working capital	<u>2,814</u>	<u>2,922</u>
Trade receivables	1,676	1,519
Other receivables and prepayments	(10)	(116)
Inventories	(1,181)	(1,485)
Trade payables	(961)	(974)
Other payables	(176)	(209)
Cash generated from operations	<u>2,162</u>	<u>1,657</u>
Income tax paid	(325)	(286)
Interest paid	(11)	(14)
Interest received	321	62
Net cash from operating activities	<u>2,147</u>	<u>1,419</u>
<b>Investing activities</b>		
Additions to property, plant and equipment	(674)	(101)
Proceeds from disposal of property, plant and equipment	3	-
(Placement of)/Withdrawals from fixed deposits	(7,800)	6,700
Net cash (used in)/from investing activities	<u>(8,471)</u>	<u>6,599</u>
<b>Financing activities</b>		
Dividend paid	(1,710)	(1,710)
Repayment of lease liabilities	(123)	(119)
Net cash used in financing activities	<u>(1,833)</u>	<u>(1,829)</u>
Net (decrease)/increase in cash and cash equivalents	(8,157)	6,189
Cash and cash equivalents at beginning of financial period	17,118	15,815
<b>Cash and cash equivalents at end of financial period (NOTE A)</b>	<u>8,961</u>	<u>22,004</u>

**NOTE A**

	<b>The Group</b>	
	<b>1st Half Year Ended</b>	
	<b>31-Dec-22</b>	<b>31-Dec-21</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents consists of:		
Cash and bank balances	6,961	19,004
Fixed deposits	2,000	3,000
	<u>8,961</u>	<u>22,004</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 2022

<b>GROUP</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 2022</b>	30,759	-	20,678	20,678	51,437
Total comprehensive income for the period	-	-	2,033	2,033	2,033
Dividends	-	-	(1,710)	(1,710)	(1,710)
<b>Balance at 31 December 2022 (*)</b>	<b>30,759</b>	<b>-</b>	<b>21,001</b>	<b>21,001</b>	<b>51,760</b>
<b>Balance at 1 July 2021</b>	31,732	(973)	20,530	20,530	51,289
Total comprehensive income for the period	-	-	1,975	1,975	1,975
Transactions with owners, recognized directly in equity					
Dividends	-	-	(1,710)	(1,710)	(1,710)
Cancellation of Treasury shares	(973)	973	-	-	-
	(973)	973	(1,710)	(1,710)	(1,710)
<b>Balance at 31 December 2021 (*)</b>	<b>30,759</b>	<b>-</b>	<b>20,795</b>	<b>20,795</b>	<b>51,554</b>

(\*) Unaudited

<b>COMPANY</b>	<b>Share capital \$'000</b>	<b>Capital reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total reserves \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2022</b>	30,759	20,705	18,591	39,296	70,055
Total comprehensive income for the period	-	-	51	51	51
Dividend	-	-	(1,710)	(1,710)	(1,710)
<b>Balance at 31 December 2022 (*)</b>	<b>30,759</b>	<b>20,705</b>	<b>16,932</b>	<b>37,637</b>	<b>68,396</b>
<b>Balance at 1 July 2021</b>	- **	-	-	-	- **
Total comprehensive income for the period	-	-	-	-	-
Transactions with owners, recognized directly in equity					
Shares allotted and issued	30,759	-	-	-	30,759
Effect of corporate restructuring	-	20,705	-	20,705	20,705
	30,759	20,705	-	20,705	51,464
<b>Balance at 31 December 2021 (*)</b>	<b>30,759</b>	<b>20,705</b>	<b>-</b>	<b>20,705</b>	<b>51,464</b>

(\*) 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 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 six months ended 31 December 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 annual financial statements for the year ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated 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 2022.

No critical judgement was made in the process of applying the Group’s accounting policies that would have a significant effect on the amounts recognized 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 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 2022

Business segments	Burn-in Services \$'000	Manufacturing and PCBA Services \$'000	Engineering \$'000	Eliminations \$'000	Total \$'000
<b>Revenue</b>					
External revenue	3,398	9,878	4,492	-	17,768
Inter-segment revenue	-	33	-	(33)	-
	<u>3,398</u>	<u>9,911</u>	<u>4,492</u>	<u>(33)</u>	<u>17,768</u>
<b>Segment results</b>	651	944	818	-	2,413
Interest expense					(11)
Interest income					321
Rental income					262
Unallocated income					1
Unallocated expenses					(501)
Profit before income tax					<u>2,485</u>
Income tax expense					(452)
<b>Profit for the period</b>					<u><u>2,033</u></u>
<b>Other Information</b>					
Additions to non-current assets	25	640	9		674
<b>Depreciation</b>					
Allocated	123	357	162		642

For the first half year ended 31 December 2021

<b>Business segments</b>	<b>Burn-in Services \$'000</b>	<b>Manufacturing and PCBA Services \$'000</b>	<b>Engineering \$'000</b>	<b>Eliminations \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>					
External revenue	3,288	8,755	3,466	-	15,509
Inter-segment revenue	-	-	-	-	-
	<u>3,288</u>	<u>8,755</u>	<u>3,466</u>	<u>-</u>	<u>15,509</u>
<b>Segment results</b>	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)
<b>Profit for the period</b>					<u><u>1,975</u></u>
<b>Other Information</b>					
Additions to non-current assets	13	77	11		101
<b>Depreciation</b>					
Allocated	127	337	133		597

## Consolidated Statement of Financial Position

As at 31 December 2022

Business segments	Burn-in Services \$'000	Manufacturing and PCBA Services \$'000	Engineering \$'000	Eliminations \$'000	Total \$'000
<b>Assets</b>					
Segment assets	3,692	13,560	7,020	-	24,272
Unallocated corporate assets					33,700
Total assets					<u>57,972</u>
<b>Liabilities</b>					
Segment liabilities	831	2,416	1,099	-	4,346
Unallocated corporate liabilities					1,866
Total liabilities					<u>6,212</u>

As at 30 June 2022

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

## Geographical Segments

	Revenue		Carrying amount of non-current assets	
	1st Half Year Ended		1st Half Year Ended	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
	Unaudited	Unaudited	Unaudited	Unaudited
Singapore	5,977	6,068	13,139	12,239
USA	5,764	4,614	-	-
China	2,450	1,358	-	-
Malaysia	1,328	1,055	-	-
Philippines	1,174	1,673	-	-
Others	1,075	741	-	-
	<u>17,768</u>	<u>15,509</u>	<u>13,139</u>	<u>12,239</u>

## Information about major customers

For the first half-year ended 31 December 2022 (“1H 2023”) vs. first half-year ended 31 December 2021 (“1H 2022”)

Included in revenues of \$17,768,000 (1H 2022: \$15,509,000) are revenue of \$4,995,000 (1H 2022: \$6,662,000) arising from sales to a major customer (1H 2022: two major customers) from the Burn-in Services and Manufacturing and PCBA Services business segments, and revenue of \$3,968,000 (1H 2022: \$2,544,000) arising from sales to a major customer from the Engineering business segment. These revenues account for approximately 50% (1H 2022: 59%) of the Group’s revenue.



#### N4. Profit before income tax

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

	1st Half Year Ended		Change	
	31-Dec-22	31-Dec-21	\$'000	%
	\$'000	\$'000		
	Unaudited	Unaudited		
Depreciation of property, plant and equipment	(519)	(477)	(42)	8.8
Depreciation of right-of-use assets	(123)	(120)	(3)	2.5
Interest expenses	(11)	(14)	3	(21.4)
Interest income	321	62	259	n.m.
Rental income	262	254	8	3.1

n.m. : not meaningful

#### 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	
	2023	2022	\$'000	%
	\$'000	\$'000		
	Unaudited	Unaudited		
Income tax:				
- Current	413	406	7	1.7
- Under/(Over)provision in respect of prior years	39	(8)	n.m.	n.m.
	<u>452</u>	<u>398</u>	54	13.6

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 epidemic, 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 \$6,373,000 (2022: \$8,049,000).

**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 epidemic on the general economic conditions and market demand.

The carrying amount of inventories of the Group at the end of the reporting period was \$4,960,000 (2022: \$3,779,000), net of allowance amounted to \$314,000 (2022: \$1,179,000).

**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 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 period was \$12,029,000 (2022: \$10,832,000).

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

31 December 2022 (*)		30 June 2022	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
251	-	241	-

**Amount repayable after one year**

31 December 2022 (*)		30 June 2022	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
694	-	797	-

(\*) Unaudited

There is no collateral on the Group's borrowings and debt securities.

**N10. 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 2022 and 30 June 2022:

	Group		Company	
	31-Dec-22 \$'000 Unaudited	30-Jun-22 \$'000 Audited	31-Dec-22 \$'000 Unaudited	30-Jun-22 \$'000 Audited
<b>Financial assets</b>				
Financial assets at amortised cost	<u>39,743</u>	<u>41,825</u>	<u>18,866</u>	<u>18,720</u>
<b>Financial liabilities</b>				
Financial liabilities at amortised cost	<u>3,401</u>	<u>4,538</u>	<u>1,942</u>	<u>139</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 2022	As at 31 December 2021
<b>Number of shares that may be issued on conversion of all the outstanding convertibles</b>	-	-
<b>Treasury Shares</b>	-	-
<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>	-	-

**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 31 December 2022	171,046,041
Balance as at 30 June 2022	171,046,041

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

As at 31 December 2022, 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	1 <sup>st</sup> Half-year ended 31 December	
	FY2023	FY2022
<b>Earnings per ordinary shares (cents) ("EPS")</b>		
Basic	1.19	1.15
Diluted	1.19	1.15
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-2022	30-Jun-2022	31-Dec-2022	30-Jun-2022
Net assets value per ordinary share (cents)	30.26	30.07	39.99	40.96
Number of ordinary shares at period/year end	171,046,041	171,046,041	171,046,041	171,046,041

8. **Review of Group Performance for the First Half ended 31 December 2022 ("1H 2023") vs. First Half ended 31 December 2021 ("1H 2022").**

#### **Statement of Profit or Loss and Other Comprehensive Income**

##### **Revenue**

###### 1H 2023 vs. 1H 2022

In 1H 2023, the Group reported revenue of \$17.8 million, an increase of \$2.3 million or 14.6% as compared to 1H 2022 of \$15.5 million. All business segments registered higher revenue as compared to the comparative period.

The Burn-In Services business segment registered revenue of \$3.4 million in 1H 2023, a marginal increase in revenue as compared to 1H 2022 of \$3.3 million. The Manufacturing and PCBA Services business segment, which remained the largest contributor to the Group revenue, registered higher revenue of \$9.9 million in 1H 2023 as compared to revenue of \$8.7 million in 1H 2022. The Engineering Services business segment registered higher revenue of \$4.5 million in 1H 2023 as compared to revenue of \$3.5 million in 1H 2022.

##### **Gross profit**

###### 1H 2023 vs. 1H 2022

The Group reported a gross profit of \$4.6 million in 1H 2023, an increase of \$0.3 million or 5.8% as compared to \$4.3 million in 1H 2022.

The increase in gross profit for the comparative periods was in line with the increase in revenue. However, due to the substantial increase in electricity cost for 1H 2023 as compared to 1H 2022, the gross profit margin had been reduced and the increase in gross profit had been marginal.

## **Profit for the period**

### 1H 2023 vs. 1H 2022

While the Group reported an increase in revenue with a marginal increase in gross profit and higher interest income from fixed deposits, the Group registered a consistent net profit of \$2.0 million in 1H 2023 as per 1H 2022. This was mainly due to the unrealised foreign exchange losses as a result of unfavorable USD and RMB exchange rates against SGD.

## **Statements of Financial Position**

The Group's total assets decreased by \$0.8 million or 1.4% from \$58.8 million as at 30 June 2022 to \$58.0 million as at 31 December 2022. The decrease was primarily due to the decrease in fixed deposits as well as trade and other receivables of \$2.7 million and \$1.7 million respectively. The overall decrease was partially offset by the increase in inventories as well as cash and bank balance of \$1.2 million and \$2.4 million respectively.

The Group's total liabilities decreased by \$1.1 million or 15.1% from \$7.3 million as at 30 June 2022 to \$6.2 million as at 31 December 2022. The decrease was primarily due to the decrease in trade and other payables.

The Group had a positive working capital of \$40.4 million as at 31 December 2022 as compared to \$40.3 million as at 30 June 2022.

## **Statement of Cash Flows**

The Group generated net cash from operating activities of \$2.1 million for the six (6) months ended 31 December 2022. This was primarily due to the profit generated for the period.

Net cash used in investing activities was \$8.5 million, which was mainly attributed to the 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 a decrease in cash and cash equivalents of \$8.2 million for 1H 2023.

The Group closed the period with cash and cash equivalents of \$9.0 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 2022. The Group's results for the first half-year ended 31 December 2022 were generally in line with the commentary under item 10 of the Group's previous results announcement in respect of the period ended 30 June 2022.

### **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.**

Despite the Covid-19 epidemic continuing to evolve, more countries are opening up their economies by adopting a strategy of coexistence with Covid-19. While this signals a positive development, the outlooks on global trade remain uncertain with the energy crisis and the concerns about further interest rate hikes globally.

Notwithstanding the above, the Group remains cautiously optimistic. 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.

<b>Period</b>	<b>31 December 2022</b>
<b>Name of Dividend</b>	Interim
<b>Dividend Type</b>	Cash
<b>Dividend Rate</b>	0.75 cents 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 2021</b>
<b>Name of Dividend</b>	Interim
<b>Dividend Type</b>	Cash
<b>Dividend Rate</b>	0.75 cents per ordinary share
<b>Tax Rate</b>	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 18 May 2023.

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

Notice is hereby given that the Transfer books and the Register of Members will be closed on 5 May 2023 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 4 May 2023 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 4 May 2023 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 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:

	<b>Use of IPO proceeds as at 31 December 2022 (S\$ million)</b>	<b>Balance as at 31 December 2022 (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 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 2022 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 Chairman

**Michael Grenville Gray**  
Lead Independent Director

**BY ORDER OF THE BOARD**  
**Lim Eng Hong**  
Chief Executive Officer  
14 February 2023