

AVI-TECH HOLDINGS LIMITED**(Company Registration No. 202002889W)****Unaudited Financial Statements for the First Half Year ended 31 December 2023****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 2023

		Group		Change	
		1st Half Year Ended 31-Dec-23 \$'000 Unaudited	31-Dec-22 \$'000 Unaudited	\$'000	%
Revenue	N3	16,630	17,768	(1,138)	(6.4)
Cost of sales		(11,114)	(13,208)	2,094	(15.9)
Gross profit		<u>5,516</u>	<u>4,560</u>	956	21.0
Other operating income		839	615	224	36.4
Distribution costs		(90)	(66)	(24)	36.4
Administrative expenses		(2,686)	(2,319)	(367)	15.8
Net foreign exchange loss		(151)	(294)	143	(48.6)
Finance costs		(8)	(11)	3	(27.3)
Profit before income tax	N4	<u>3,420</u>	<u>2,485</u>	935	37.6
Income tax expense	N5	(568)	(452)	(116)	25.7
Profit for the period		<u>2,852</u>	<u>2,033</u>	819	40.3
Other comprehensive income:					
Exchange differences arising on translation of foreign operation		<u>(1)</u>	<u>-</u>	(1)	n.m.
Total comprehensive income for the period		<u>2,851</u>	<u>2,033</u>	818	40.3

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 2023**

	Group		Company	
	31-Dec-23 \$'000 Unaudited	30-Jun-23 \$'000 Audited	31-Dec-23 \$'000 Unaudited	30-Jun-23 \$'000 Audited
<u>ASSETS</u>				
Current assets				
Cash and bank balances	6,886	6,346	502	126
Fixed deposits	30,199	26,400	15,380	17,300
Trade receivables	N6 5,736	7,443	-	-
Other receivables and prepayments	895	1,126	329	407
Inventories	N7 3,546	5,153	-	-
Total current assets	47,262	46,468	16,211	17,833
Non-current assets				
Subsidiaries	-	-	51,464	51,464
Associate	171	171	-	-
Property, plant and equipment	N8 11,535	11,966	-	-
Right-of-use assets	662	786	-	-
Total non-current assets	12,368	12,923	51,464	51,464
Total assets	59,630	59,391	67,675	69,297
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	1,854	3,296	-	91
Other payables	2,140	1,779	1,932	1,906
Lease liabilities	N9 257	254	-	-
Income tax payable	803	499	-	4
Total current liabilities	5,054	5,828	1,932	2,001
Non-current liabilities				
Lease liabilities	N9 439	567	-	-
Deferred tax liabilities	1,296	1,296	-	-
Total non-current liabilities	1,735	1,863	-	-
Total liabilities	6,789	7,691	1,932	2,001
Capital and reserves				
Share capital	30,759	30,759	30,759	30,759
Reserves	22,082	20,941	34,984	36,537
Total equity	52,841	51,700	65,743	67,296
Total liabilities and equity	59,630	59,391	67,675	69,297

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 2023**

	31-Dec-23	31-Dec-22
	1st Half Year Ended	1st Half Year Ended
	\$'000	\$'000
Operating activities		
Profit before income tax	3,420	2,485
Adjustments for:		
Depreciation of property, plant and equipment	572	519
Depreciation of right-of-use asset	124	123
Gain on disposal of property, plant and equipment	-	(3)
Allowance for inventories obsolescence	24	-
Interest expenses	8	11
Interest income	(567)	(321)
Operating cash flows before movements in working capital	<u>3,581</u>	<u>2,814</u>
Trade receivables	1,707	1,676
Other receivables and prepayments	231	(10)
Inventories	1,583	(1,181)
Trade payables	(1,442)	(961)
Other payables	361	(176)
Cash generated from operations	<u>6,021</u>	<u>2,162</u>
Income tax paid	(264)	(325)
Interest paid	(8)	(11)
Interest received	567	321
Net cash from operating activities	<u>6,316</u>	<u>2,147</u>
Investing activities		
Additions to property, plant and equipment	(141)	(674)
Proceeds from disposal of property, plant and equipment	-	3
Placement of fixed deposits	(180)	(7,800)
Net cash used in investing activities	<u>(321)</u>	<u>(8,471)</u>
Financing activities		
Dividend paid	(1,710)	(1,710)
Repayment of lease liabilities	(125)	(123)
Net cash used in financing activities	<u>(1,835)</u>	<u>(1,833)</u>
Net increase/(decrease) in cash and cash equivalents	4,160	(8,157)
Cash and cash equivalents at beginning of financial period	7,846	17,118
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1)	-
Cash and cash equivalents at end of financial period (NOTE A)	<u>12,005</u>	<u>8,961</u>

NOTE A

	The Group	
	1st Half Year Ended	
	31-Dec-23	31-Dec-22
	\$'000	\$'000
Cash and cash equivalents consists of:		
Cash and bank balances	6,886	6,961
Fixed deposits	5,119	2,000
	<u>12,005</u>	<u>8,961</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 2023

GROUP	Share capital \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total reserves \$'000	Total \$'000
Balance at 1 July 2023	30,759	(3)	20,944	20,941	51,700
Total comprehensive income for the period	-	(1)	2,852	2,851	2,851
Dividends	-	-	(1,710)	(1,710)	(1,710)
Balance at 31 December 2023 (*)	30,759	(4)	22,086	22,082	52,841
Balance at 1 July 2022	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)
Balance at 31 December 2022 (*)	30,759	-	21,001	21,001	51,760

(*) Unaudited

COMPANY	Share capital \$'000	Capital reserve \$'000	Retained earnings \$'000	Total reserves \$'000	Total \$'000
Balance at 1 July 2023	30,759	20,705	15,832	36,537	67,296
Total comprehensive income for the period	-	-	157	157	157
Dividend	-	-	(1,710)	(1,710)	(1,710)
Balance at 31 December 2023 (*)	30,759	20,705	14,279	34,984	65,743
Balance at 1 July 2022	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)
Balance at 31 December 2022 (*)	30,759	20,705	16,932	37,637	68,396

(*) Unaudited

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 2023 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 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Committee. 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 financial year ended 30 June 2023.

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 2023.

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 Services”). 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 2023

Business segments	Burn-in Services \$'000	Manufacturing and PCBA Services \$'000	Engineering \$'000	Eliminations \$'000	Total \$'000
Revenue					
External revenue	3,743	7,303	5,584	-	16,630
Inter-segment revenue	-	255	-	(255)	-
	<u>3,743</u>	<u>7,558</u>	<u>5,584</u>	<u>(255)</u>	<u>16,630</u>
Segment results	916	95	1,991	-	3,002
Interest expense					(8)
Interest income					567
Rental income					263
Unallocated income					9
Unallocated expenses					(413)
Profit before income tax					<u>3,420</u>
Income tax expense					(568)
Profit for the period					<u><u>2,852</u></u>
Other Information					
Additions to non-current assets	74	35	32	-	141
Depreciation					
Allocated	157	306	233	-	696

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
Revenue					
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>
Segment results	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)
Profit for the period					<u><u>2,033</u></u>
Other Information					
Additions to non-current assets	25	640	9	-	674
Depreciation					
Allocated	123	357	162	-	642

Consolidated Statement of Financial Position

As at 31 December 2023

Business segments	Burn-in Services \$'000	Manufacturing and PCBA Services \$'000	Engineering \$'000	Eliminations \$'000	Total \$'000
Assets					
Segment assets	4,037	9,265	8,177	-	21,479
Unallocated corporate assets					38,151
Total assets					<u>59,630</u>
Liabilities					
Segment liabilities	958	2,302	1,430	-	4,690
Unallocated corporate liabilities					2,099
Total liabilities					<u>6,789</u>

As at 30 June 2023

Business segments	Burn-in Services \$'000	Manufacturing and PCBA Services \$'000	Engineering \$'000	Eliminations \$'000	Total \$'000
Assets					
Segment assets	3,635	13,738	7,975	-	25,348
Unallocated corporate assets					34,043
Total assets					<u>59,391</u>
Liabilities					
Segment liabilities	1,061	3,420	1,415	-	5,896
Unallocated corporate liabilities					1,795
Total liabilities					<u>7,691</u>

Geographical Segments

	Revenue 1st Half Year Ended		Carrying amount of non-current assets 1st Half Year Ended	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
	Unaudited	Unaudited	Unaudited	Unaudited
Singapore	4,831	5,977	12,368	13,139
USA	6,811	5,764	-	-
Malaysia	1,893	1,328	-	-
China	1,631	2,450	-	-
Philippines	931	1,174	-	-
Others	533	1,075	-	-
	<u>16,630</u>	<u>17,768</u>	<u>12,368</u>	<u>13,139</u>

Information about major customers

For the first half-year ended 31 December 2023 (“1H 2024”) vs. first half-year ended 31 December 2022 (“1H 2023”)

Included in revenue of \$16,630,000 (1H 2023: \$17,768,000) are revenue of \$4,069,000 (1H 2023: \$4,995,000) arising from sales to a major customer from the Burn-in Services and Manufacturing and PCBA Services business segments, revenue of \$1,642,000 (1H 2023: \$Nil) arising from sales to a major customer from the Manufacturing and PCBA Services business segment, and \$4,060,000 (1H 2023: \$3,968,000) arising from sales to a major customer from the Engineering Services business segment. These revenues account for approximately 59% (1H 2023: 50%) 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	
	2024	2023	\$'000	%
	\$'000	\$'000		
	Unaudited	Unaudited		
Depreciation of property, plant and equipment	(572)	(519)	(53)	10.2
Depreciation of right-of-use asset	(124)	(123)	(1)	0.8
Interest expenses	(8)	(11)	3	(27.3)
Allowance for inventories obsolescence	(24)	-	(24)	n.m.
Interest income	567	321	246	76.6
Rental income	263	262	1	0.4

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	
	2024	2023	\$'000	%
	\$'000	\$'000		
	Unaudited	Unaudited		
Income tax:				
- Current	553	413	140	33.9
- Underprovision in respect of prior years	15	39	(24)	(61.5)
	<u>568</u>	<u>452</u>	116	25.7

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. The Group has observed 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 \$5,736,000 (2023: \$7,443,000).

N7. Allowance for inventories

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

The carrying amount of inventories of the Group at the end of the reporting period was \$3,546,000 (2023: \$5,153,000), net of allowance amounted to \$562,000 (2023: \$538,000). The cost of inventories recognised as an expense including allowance made for obsolescence of inventories was \$24,000 (2023: \$224,000).

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 of disposal.

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 \$11,535,000 (2023: \$11,966,000).

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

31 December 2023 (*)		30 June 2023	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
257	-	254	-

Amount repayable after one year

31 December 2023 (*)		30 June 2023	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
439	-	567	-

(*) 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 and Company as at 31 December 2023 and 30 June 2023:

	Group		Company	
	31-Dec-23 \$'000 Unaudited	30-Jun-23 \$'000 Audited	31-Dec-23 \$'000 Unaudited	30-Jun-23 \$'000 Audited
Financial assets				
Financial assets at amortised cost	<u>43,067</u>	<u>40,840</u>	<u>16,206</u>	<u>17,831</u>
Financial liabilities				
Financial liabilities at amortised cost	<u>3,158</u>	<u>5,075</u>	<u>1,932</u>	<u>1,997</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 2023	As at 31 December 2022
Number of shares that may be issued on conversion of all the outstanding convertibles	-	-
Treasury Shares	-	-
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	-	-

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 2023	171,046,041
Balance as at 30 June 2023	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 2023, 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 st Half-year ended	
	2024	2023
Earnings per ordinary shares (cents) ("EPS")		
Basic	1.67	1.19
Diluted	1.67	1.19
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-2023	30-Jun-2023	31-Dec-2023	30-Jun-2023
Net asset value per ordinary share (cents)	30.89	30.23	38.44	39.34
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 2023 ("1H 2024") vs. First Half ended 31 December 2022 ("1H 2023").**

Statement of Profit or Loss and Other Comprehensive Income

Revenue

1H 2024 vs. 1H 2023

In 1H 2024, the Group reported revenue of \$16.6 million, a decrease of \$1.2 million or 6.4% as compared to 1H 2023 of \$17.8 million.

The Burn-In Services business segment registered revenue of \$3.7 million in 1H 2024, an increase in revenue as compared to 1H 2023 of \$3.4 million. The Manufacturing and PCBA Services business segment, which remained the largest contributor to the Group revenue, registered lower revenue of \$7.3 million in 1H 2024 as compared to revenue of \$9.9 million in 1H 2023. The Engineering Services business segment registered higher revenue of \$5.6 million in 1H 2024 as compared to revenue of \$4.5 million in 1H 2023.

Gross profit

1H 2024 vs. 1H 2023

The Group reported a gross profit of \$5.5 million in 1H 2024, an increase of \$0.9 million or 21.0% as compared to \$4.6 million in 1H 2023. The gross profit margin also increased from 25.7% in 1H 2023 to 33.2% in 1H 2024.

Despite a decrease in overall revenue for the comparative period, the Group reported an increase in the gross profit margin. This was primarily attributed to the increase in sales from the Engineering Services business segment, with an improved profit margin facilitated by economies of scale and enhanced operational efficiency. Additionally, increased sales in the Burn-In Services business segment also contributed to the improved profit margin with a reduction in underlying fixed costs.

Profit for the period

1H 2024 vs. 1H 2023

The Group reported a profit of \$2.8 million in 1H 2024, an increase of \$0.8 million or 40.3% as compared to \$2.0 million in 1H 2023.

While revenue had decreased, the gross profit margin registered an increase, leading to a rise in overall profit in 1H 2024 was in addition to the higher interest income generated from fixed deposits.

Statements of Financial Position

The Group's total assets increased by \$0.2 million or 0.4% from \$59.4 million as at 30 June 2023 to \$59.6 million as at 31 December 2023. The increase was primarily due to the increase in cash and bank balances as well as fixed deposits of \$0.5 million and \$3.8 million respectively. The overall increase was partially offset by the decrease in trade and other receivables of \$2.0 million, property, plant and equipment of \$0.4 million, right-of-use asset of \$0.1 million as well as inventories of \$1.6 million.

The Group's total liabilities decreased by \$0.9 million or 11.7% from \$7.7 million as at 30 June 2023 to \$6.8 million as at 31 December 2023. The decrease was primarily due to the decrease in trade and other payables.

The Group had a positive working capital of \$42.2 million as at 31 December 2023 as compared to \$40.6 million as at 30 June 2023.

Statement of Cash Flows

The Group generated net cash from operating activities of \$6.3 million for the six (6) months ended 31 December 2023. This was primarily due to the profit generated for the period.

Net cash used in investing activities was \$0.3 million, which was mainly attributed to the fixed deposits placed with financial institutions over three (3)-month tenures and purchase of property, plant and equipment. 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 \$4.2 million for 1H 2024.

The Group closed the period with cash and cash equivalents of \$12.0 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 or prospect statements in respect of the Group's results for the period ended 31 December 2023. The Group's results for the first half-year ended 31 December 2023 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 2023.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

While the Group registered a positive performance in the first half of the financial year, we maintain a cautious outlook for the second half given the increasing challenging business environment. Such challenges include the ongoing trade tension between China and the United States, uncertainties surrounding high-interest rate directions, as well as conflicts in Europe and the Middle East.

Despite these challenges, the Group remains focused on its core business activities while at the same time, continuing to seek new opportunities for development and growth through mergers, acquisitions, and partnerships, all aimed at enhancing shareholder value.

11. Dividends

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

Period	31 December 2023
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 2022
Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	0.75 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 2024.

- (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 6 May 2024 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 3 May 2024 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 3 May 2024 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 2023, 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 2023 (S\$ million)	Balance as at 31 December 2023 (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 2023 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 and Chairman
8 February 2024