

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

Unaudited Financial Statements for the Second Quarter and Half Year ended 31 December 2015

PART 1 – 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the second quarter ended 31 December 2015

			Group		Change %	Change %
	2Q 2016 \$'000 Unaudited	2Q 2015 \$'000 Unaudited	1H 2016 \$'000 Unaudited	1H 2015 \$'000 Unaudited		
Continuing operations						
Revenue	7,867	6,893	14.1	15,852	14,106	12.4
Cost of sales	(5,136)	(5,332)	(3.7)	(10,467)	(11,264)	(7.1)
Gross profit	<u>2,731</u>	<u>1,561</u>	75.0	<u>5,385</u>	<u>2,842</u>	89.5
Other operating income	609	303	101.0	888	559	58.9
Distribution costs	(19)	(27)	(29.6)	(38)	(41)	(7.3)
Administrative expenses	(1,283)	(653)	96.5	(1,888)	(1,474)	28.1
Finance costs	(7)	(8)	(12.5)	(15)	(15)	-
Profit before income tax	<u>2,031</u>	<u>1,176</u>	72.7	<u>4,332</u>	<u>1,871</u>	n.m.
Income tax expenses	(352)	(6)	n.m.	(732)	(5)	n.m.
Profit for the period from continuing operations	<u>1,679</u>	<u>1,170</u>	43.5	<u>3,600</u>	<u>1,866</u>	92.9
Discontinued operations						
Profit/(Loss) for the period from discontinued operations	-	1,464	n.m.	(153)	2,478	n.m.
Profit for the period, attributable to owners of the Company	<u>1,679</u>	<u>2,634</u>	(36.3)	<u>3,447</u>	<u>4,344</u>	(1.4)
Other comprehensive income/(loss) for the period:						
<i>Item that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences for foreign operations	<u>7</u>	<u>(401)</u>	n.m.	<u>176</u>	<u>(663)</u>	n.m.
Other comprehensive income/(loss) for the periods, net of tax	<u>7</u>	<u>(401)</u>	n.m.	<u>176</u>	<u>(663)</u>	n.m.
Total comprehensive income for the periods, attributable to owners of the Company	<u>1,686</u>	<u>2,233</u>	(24.5)	<u>3,623</u>	<u>3,681</u>	(1.6)
Profit for the period is arrived at:-						
Depreciation of property, plant and equipment	(258)	(390)	(33.8)	(547)	(763)	(28.3)
Reversal of allowance for doubtful debts	-	79	(100.0)	-	255	(100.0)
Reversal of allowance for inventories obsolescence	-	1,230	(100.0)	-	2,104	(100.0)
Foreign currency exchange adjustment (loss)/gain	(55)	825	n.m.	530	1,211	(56.2)
Interest expenses	(7)	(12)	(41.7)	(15)	(23)	(34.8)
Interest income	107	47	n.m.	171	93	83.9
Rental income	186	188	(1.1)	376	375	0.3

n.m. : not meaningful

1(b)(i) A statement of financial position of the Group and Company, together with a comparative statement as at the end of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Group		Company	
	31-Dec-15 \$'000 Unaudited	30-Jun-15 \$'000 Audited	31-Dec-15 \$'000 Unaudited	30-Jun-15 \$'000 Audited
ASSETS				
Current assets				
Cash and bank balances	8,663	12,382	8,595	12,071
Fixed and call deposits	21,869	15,420	21,869	15,420
Trade receivables	5,565	6,177	5,580	6,202
Other receivables and prepayments	102	741	102	971
Inventories	3,542	3,532	3,542	3,532
	<u>39,741</u>	<u>38,252</u>	<u>39,688</u>	<u>38,196</u>
Assets classified as held for sale and/or for distribution	-	46	-	-
Total current assets	<u>39,741</u>	<u>38,298</u>	<u>39,688</u>	<u>38,196</u>
Non-current assets				
Property, plant and equipment	12,200	12,662	12,200	12,662
Held-to-maturity financial assets	1,000	-	1,000	-
Total non-current assets	<u>13,200</u>	<u>12,662</u>	<u>13,200</u>	<u>12,662</u>
Total assets	<u>52,941</u>	<u>50,960</u>	<u>52,888</u>	<u>50,858</u>
LIABILITIES AND EQUITY				
Current liabilities				
Bank loan	612	612	612	612
Trade payables	2,769	3,021	3,074	3,281
Other payables	4,206	2,381	4,196	2,346
Finance lease	7	7	7	7
Income tax payable	476	-	476	-
	<u>8,070</u>	<u>6,021</u>	<u>8,365</u>	<u>6,246</u>
Liabilities directly associated with assets classified as held for sale and/or for distribution	-	2	-	-
Total current liabilities	<u>8,070</u>	<u>6,023</u>	<u>8,365</u>	<u>6,246</u>
Non-current liabilities				
Bank loan	690	996	690	996
Finance lease	41	-	41	-
Deferred tax liabilities	151	151	151	151
Total non-current liabilities	<u>882</u>	<u>1,147</u>	<u>882</u>	<u>1,147</u>
Total liabilities	<u>8,952</u>	<u>7,170</u>	<u>9,247</u>	<u>7,393</u>
Capital and reserves				
Share capital	31,732	31,732	31,732	31,732
Treasury shares	(933)	(933)	(933)	(933)
Reserves	13,190	12,991	12,842	12,666
Total equity	<u>43,989</u>	<u>43,790</u>	<u>43,641</u>	<u>43,465</u>
Total liabilities and total equity	<u>52,941</u>	<u>50,960</u>	<u>52,888</u>	<u>50,858</u>

1(b)(ii) Aggregate amount of Group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

31 December 2015 (*)		30 June 2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
619	-	619	-

Amount repayable after one year

31 December 2015 (*)		30 June 2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
731	-	996	-

(*) Unaudited

Details of any collateral

The building and leasehold improvements with a carrying amount of \$10,557,000 (30 June 2015: \$10,680,000) are mortgaged as security for a bank loan and credit facilities.

Certain plant and equipment with a carrying amount of \$97,000 (30 June 2015: \$6,000) are secured by the lessors' titles to the leased assets.

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.

CONSOLIDATED STATEMENT OF CASH FLOW

For the second quarter and half year ended 31 December 2015

	31-Dec-15 2Q 2016 \$'000	31-Dec-14 2Q 2015 \$'000	31-Dec-15 1H 2016 \$'000	31-Dec-14 1H 2015 \$'000
Operating activities				
Profit/(Loss) before income tax				
Continuing operations	2,031	1,176	4,332	1,871
Discontinued operations	-	1,464	(153)	2,479
Adjustments for:				
Loss on disposal of subsidiary	-	-	161	-
Depreciation of property, plant and equipment	258	390	547	763
Reversal of allowance for doubtful debts	-	(79)	-	(255)
Reversal of allowance for inventories obsolescence	-	(1,230)	-	(2,104)
Gain on disposal of property, plant and equipment	(2)	-	(2)	(1)
Interest expenses	7	12	15	23
Interest income	(107)	(47)	(171)	(93)
Operating cash flows before movements in working capital	2,187	1,686	4,729	2,683
Trade receivables	296	(1,030)	621	(1,936)
Other receivables and prepayments	(19)	(73)	494	(888)
Inventories	(419)	1,070	(9)	2,663
Trade payables	1,180	(183)	(255)	(278)
Other payables	(427)	(475)	(571)	(810)
Cash generated from operations	2,798	995	5,009	1,434
Income tax paid	(104)	(6)	(104)	(5)
Interest paid	(7)	(12)	(15)	(23)
Interest received	107	47	171	93
Net cash generated from operating activities	2,794	1,024	5,061	1,499
Investing activities				
Additions to property, plant and equipment	(14)	(63)	(20)	(617)
Proceeds from maturity of held-to-maturity investments	-	2,022	-	2,022
Proceeds from disposal of property, plant and equipment	-	1	-	20
Purchase of held-to-maturity investment	-	-	(1,010)	-
Placements of fixed deposits	(1,449)	(17,420)	(6,449)	(16,420)
Net cash used in investing activities	(1,463)	(15,460)	(7,479)	(14,995)
Financing activities				
Dividends paid	(1,027)	-	(1,027)	-
Repayment of finance lease obligations	(5)	(10)	(18)	(21)
Repayment of bank loan	(153)	(153)	(306)	(306)
Net cash used in financing activities	(1,185)	(163)	(1,351)	(327)
Net effect of exchange rate changes in consolidating subsidiaries	7	(388)	16	(637)
Net increase/(decrease) in cash and cash equivalents	153	(14,987)	(3,753)	(14,460)
Cash and cash equivalents at beginning of financial period	8,510	21,975	12,416	21,448
Cash and cash equivalents at end of financial period (NOTE A)	8,663	6,988	8,663	6,988

NOTE A

	2Q 2016 \$'000	The Group		1H2015 \$'000
		2Q 2015 \$'000	1H2016 \$'000	
Cash and cash equivalents consists of:				
Cash and bank balances	8,663	6,988	8,663	6,988
Fixed and call deposits	-	-	-	-
	<u>8,663</u>	<u>6,988</u>	<u>8,663</u>	<u>6,988</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 Group and Company 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.

STATEMENTS OF CHANGES IN EQUITY

For the second quarter and half year ended 31 December 2015

GROUP	Attributable to owners of the Company							Non-controlling interest ⁽¹⁾	Total \$'000
	Share capital \$'000	Treasury shares \$'000	Currency translation reserve \$'000	Share option reserve \$'000	Retained earnings \$'000	Total reserves \$'000			
Balance at 1 July 2015	31,732	(933)	(151)	17	13,125	12,991	-	43,790	
Total comprehensive income for the period	-	-	169	-	1,768	1,937	-	1,937	
Balance at 30 September 2015 (*)	31,732	(933)	18	17	14,893	14,928	-	45,727	
Total comprehensive income for the period	-	-	7	-	1,679	1,686	-	1,686	
Dividends	-	-	-	-	(3,424)	(3,424)	-	(3,424)	
Balance at 31 December 2015 (*)	31,732	(933)	25	17	13,148	13,190	-	43,989	
Balance at 1 July 2014	31,732	(933)	116	17	7,602	7,735	330	38,864	
Total comprehensive income for the period	-	-	(262)	-	1,710	1,448	-	1,448	
Non-controlling interests relating to outstanding share-based payment transactions of a subsidiary	-	-	-	-	-	-	6	6	
Balance at 30 September 2014 (*)	31,732	(933)	(146)	17	9,312	9,183	336	40,318	
Total comprehensive income for the period	-	-	(401)	-	2,634	2,233	-	2,233	
Non-controlling interests relating to outstanding share-based payment transactions of a subsidiary	-	-	-	-	-	-	14	14	
Balance at 31 December 2014 (*)	31,732	(933)	(547)	17	11,946	11,416	350	42,565	

(*) Unaudited

(1) Representing share option reserve of a subsidiary

COMPANY	Share capital \$'000	Treasury shares \$'000	Share option reserves \$'000	Retained earnings \$'000	Total reserves \$'000	Total \$'000
Balance at 1 July 2015	31,732	(933)	17	12,649	12,666	43,465
Total comprehensive income for the period	-	-	-	1,900	1,900	1,900
Balance at 30 September 2015 (*)	31,732	(933)	17	14,549	14,566	45,365
Total comprehensive income for the period	-	-	-	1,700	1,700	1,700
Dividends	-	-	-	(3,424)	(3,424)	(3,424)
Balance at 31 December 2015 (*)	31,732	(933)	17	12,825	12,842	43,641
Balance at 1 July 2014	31,732	(933)	17	8,356	8,373	39,172
Total comprehensive income for the period	-	-	-	825	825	825
Balance at 30 September 2014 (*)	31,732	(933)	17	9,181	9,198	39,997
Total comprehensive income for the period	-	-	-	2,004	2,004	2,004
Balance at 31 December 2014 (*)	31,732	(933)	17	11,185	11,202	42,001

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

As announced on 23 November 2015, following the completion of share consolidation, the issued share capital of the Company comprises 171,211,041 Consolidated Shares (excluding 3,989,000 treasury shares on a post-consolidation basis).

As at 31 December 2015, there are 335,000 unissued shares (on a post-consolidated basis) comprised in options granted on 3 July 2012 and 16 November 2012 pursuant to the Avi-Tech Employee Share Option Scheme (30 June 2015: 670,000 on a pre-consolidated basis). These options were granted with an exercise price set at a discount to the then market price and are exercisable after the second anniversary from the date of the grant.

	As at 31 December 2015	As at 31 December 2014
Number of shares that may be issued on conversion of all the outstanding convertibles	335,000	670,000
Treasury Shares	3,989,000	7,978,000
Total number of issued shares excluding treasury shares	171,211,041	342,422,096

Pursuant to the share buyback mandate originally approved by the shareholders on 29 October 2008 and renewed subsequently, the Company purchased a total of 7,978,000 shares (on a pre-consolidated basis) through on-market purchases transacted on the Singapore Exchange Securities Trading Limited. The total amount paid for the purchases was approximately \$933,000 which has been deducted from shareholders' equity. All the repurchased shares are held as treasury shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

Total number of issued shares excluding treasury shares	Number of shares
Balance as at 31 December 2015	171,211,041
Balance as at 30 June 2015	342,422,096

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

As at 31 December 2015, there were no sales, transfers, disposals, cancellations and/or use of treasury shares.

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 qualifications or emphasis of a matter).

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.

The Group has applied the same accounting policies and methods of computation as in the Group's most recently audited annual financial statements, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 July 2015, which may result in more extensive disclosures in the 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.

Group	Period ended 31 December			
	2Q 2016	2Q 2015 *	1H 2016	1H 2015 *
Earnings per ordinary share (cents) ("EPS")				
For continuing and discontinued operations				
Basic	0.98	1.54	2.01	2.54
Diluted	0.98	1.54	2.01	2.53
For continuing operations				
Basic	0.98	0.68	2.10	1.09
Diluted	0.98	0.68	2.10	1.09
Weighted average number of ordinary shares in issue for basic EPS	171,211,041	171,211,041	171,211,041	171,211,041
Weighted average number of ordinary shares in issue for diluted EPS	171,546,041	171,546,041	171,546,041	171,546,041

* Adjusted to reflect the share consolidation of every two existing ordinary shares into one ordinary share effected on 23 November 2015.

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: (a) current financial period reported on; and (b) immediately preceding financial year.**

	GROUP		COMPANY	
	31-Dec-2015	30-Jun-2015 *	31-Dec-2015	30-Jun-2015 *
Net assets value per ordinary share (cents):	25.69	25.58	25.49	25.39
Number of ordinary shares at period/year end	171,211,041	171,211,041	171,211,041	171,211,041

* Adjusted to reflect the share consolidation of every two existing ordinary shares into one ordinary share effected on 23 November 2015.

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 Quarter ended 31 December 2015 (“2Q 2016”) vs. Second Quarter ended 31 December 2014 (“2Q 2015”) and First Half ended 31 December 2015 (“1H 2016”) vs. First Half ended 31 December 2014 (“1H 2015”).**

STATEMENT OF COMPREHENSIVE INCOME

Revenue from continuing operations

1H 2016 vs. 1H 2015

In 1H 2016, the Group reported a revenue of \$15.9 million, an increase of \$1.8 million or 12.4% as compared to 1H 2015 of \$14.1 million. The increase in revenue was primarily due to the increase in sales reported by the Engineering Services business segment, which contributed 36.2% to the Group’s revenue in 1H2016 as compared to 26.8% in 1H 2015.

2Q 2016 vs. 2Q 2015

In 2Q 2016, the Group reported a revenue of \$7.9 million, an increase of \$1.0 million or 14.1% as compared to 2Q 2015 of \$6.9 million. The increase in revenue was primarily due to the increase in sales reported by the Engineering Services business segment, which contributed 34.8% to the Group’s revenue in 2Q2016 as compared to 17.7% in 2Q 2015.

Gross profit from continuing operations

1H 2016 vs. 1H 2015/2Q 2016 vs. 2Q 2015

The Group reported a gross profit of \$5.4 million for 1H 2016, an increase of \$2.6 million or 89.5% as compared to \$2.8 million for 1H 2015. Gross profit margin over that period had also increased from 20.1% in 1H 2015 to 34.0% in 1H 2016.

The Group reported a gross profit of \$2.7 million for 2Q 2016, an increase of \$1.1 million or 75.0% as compared to \$1.6 million for 2Q 2015. Gross profit margin over that period had also increased from 22.6% in 2Q 2015 to 34.7% in 2Q 2016.

The increase in the gross profit margin for the two comparative periods was primarily due to the higher revenue with improved gross profit margin, in addition to the ongoing cost control measures and the enhancement in productivity across all business segments.

Profit for the period

1H 2016 vs. 1H 2015/2Q 2016 vs. 2Q 2015

The Group reported a profit of \$3.4 million for 1H 2016 as compared to \$4.3 million for 1H 2015 aided with a profit of \$1.7 million for 2Q 2016 as compared to \$2.6 million for 2Q 2015.

The decrease in profit for the comparative periods was a result of no further gains being registered in the discontinued operations of the US subsidiaries, and foreign exchange rates contributing to higher administration expenses. Nonetheless, the profit for continuing operations had increased in the comparative periods due to the higher revenue and improved gross profit margins across the business segments. Overall, the Group registered a positive profit for the comparative periods.

DISCONTINUED OPERATIONS

The voluntary liquidation of the subsidiary, Verde Designs, Inc., was completed in 2Q2016. The impact of liquidation of the subsidiary is recorded under discontinued operations in the statement of comprehensive income.

The results of the discontinued operations in the Imaging Equipment and Energy Efficient Products business segment are as follows:

	1H 2016 \$'000 Unaudited	1H 2015 \$'000 Unaudited
Revenue	-	1,338
Total income	8	1,141
Loss on disposal	* (161)	-
Profit/(Loss) before income tax	<u>(153)</u>	<u>2,479</u>
Income tax expense	-	(1)
Profit/(Loss) for the period	<u><u>(153)</u></u>	<u><u>2,478</u></u>

* The impact of liquidation of the subsidiary is as follows:

	\$'000 Unaudited
Loss on disposal:	
Consideration receivable	38
Net assets derecognised	(36)
Cumulative exchange differences in respect of net assets of the subsidiary reclassified from equity on loss of control of subsidiary	<u>(163)</u>
Loss on disposal	<u><u>(161)</u></u>

STATEMENT OF FINANCIAL POSITION

Total Group's assets increased by \$2.0 million or 3.9% from \$51.0 million as at 30 June 2015 to \$53.0 million as at 31 December 2015. The increase was primarily due to the increase in fixed and call deposits of \$6.4 million and held-to-maturity financial assets of \$1.0 million. The overall increase was offset by the decrease in cash and cash balances of \$3.8 million, trade and other receivables of \$1.3 million as well as property, plant and equipment of \$0.4 million.

Total Group's liabilities increased by \$1.8 million or 24.9% from \$7.2 million as at 30 June 2015 to \$9.0 million as at 31 December 2015. The increase was primarily due to the increase in income tax payables of \$0.5 million and the dividend payable of \$2.4 million. The overall increase was offset by the decrease in trade and other payables as well as repayment of bank loan of \$0.8 million and \$0.3 million respectively.

The Group had a positive working capital of \$31.7 million as at 31 December 2015 as compared with \$32.3 million as at 30 June 2015.

STATEMENT OF CASH FLOW

The Group generated net cash from operating activities of \$5.1 million for the six months ended 31 December 2015. This was primarily due to the higher profit generated in the continuing operations, as compared to the prior period.

Net cash used in investing activities was \$7.5 million, which was mainly due to the purchase of held-to-maturity investments and fixed deposits placed with financial institutions with over three month tenures upon maturity. Net cash used in financing activities was \$1.4 million, primarily due to dividend payout and repayment of bank loan.

There was a decrease in cash and cash equivalents of \$3.8 million for the first six months ended 31 December 2015.

The Group closed the period with cash of \$8.7 million and with bank borrowings of \$1.3 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 September 2015. The Group's results for the second quarter ended 31 December 2015 were generally in line with the commentary set out in paragraph 10 of the Group's previous results announcement in respect of the period ended 30 September 2015.

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.

The Group registered a profit of \$3.4 million for the first six months ended 31 December 2015. This sixth consecutive positive quarterly performance was driven by the continuing operations which generated higher revenue and gross profit margin.

The Group will continue to work towards profitability, and is optimistic of maintaining long term sustainability and growth.

The Group remains committed to optimizing its core competences, ongoing strategic cost management and productivity enhancement across the business segments. The Group will continue to seek for new areas of growth such as through partnership, mergers and acquisitions, or any structure or business which will enhance shareholder returns.

11. Dividends

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

Period	31 December 2015
Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	0.8 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 2014
Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	0.6 cents per ordinary share *
Tax Rate	One tier tax exempt

* Adjusted based on post-consolidated basis

(c) State the tax rate and the country where the dividend is derived.

See item 11(a) above.

(d) The date the dividend is payable.

The interim dividend will be paid on 27 May 2016.

(e) Books Closure Date.

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 13 May 2016 for the preparation of the interim dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5.00 p.m. on 12 May 2016 will be registered to determine shareholders' entitlements to the said interim dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 12 May 2016 will be entitled to the interim dividend.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPT"), 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 2015, the total net proceeds of approximately \$26.7 million (after deducting the IPO expenses of approximately \$2.3 million, as disclosed on page 33 of the Company's prospectus dated 11 July 2007) from the IPO were used for the following purposes:

	Use of IPO proceeds as at 31 December 2015 (\$ million)	Balance as at 31 December 2015 (\$ million)
Expansion of our customer base and widen our portfolio of services	6.0	0.0
Potential mergers and acquisitions	2.8	5.2
Expansion of our overseas operations	3.0	0.0
Working capital	9.7	0.0
Total	21.5	5.2

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. 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 second quarter ended 31 December 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors of Avi-Tech Electronics Limited.

Lim Eng Hong
Chief Executive Officer and Director

Khor Thiam Beng
Chairman and Independent Director

BY ORDER OF THE BOARD
Lim Eng Hong
Chief Executive Officer
12 February 2016