INVESTING IN FUTURE GROWTH

AVI-TECH ELECTRONICS LIMITED

ANNUAL REPORT 2013

INVESTING IN FUTURE GROWTH

Staying stable while being dynamic in the face of changing times, Avi-Tech continues to uphold sustainability amidst market transformation, encompassing the distinctive qualities of a steady and reliable investment for all partners and shareholders.

CORPORATE PROFILE

WHO WE ARE

Incorporated in Singapore in 1981 and listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") in 2007, Avi-Tech Electronics Limited is a total solutions provider for Burn-In, engineering and manufacturing services working with global Original Equipment Manufacturers ("OEMs") in the electronics and life sciences industries. We also design and manufacture digital imaging systems through Aplegen, Inc. ("Aplegen"), our subsidiary in the United States of America ("USA" or "US") for the life sciences industries and scientific communities. Our other US subsidiary, Verde Designs, Inc. ("Verde") provides Light Emitting Diode ("LED") and high brightness LED ("HBLED") lighting products and systems for the Solid State Lighting ("SSL") market for commercial and industrial use.

OUR MARKET PRESENCE

We have an established market presence in Singapore, Malaysia, Thailand, the Philippines, Taiwan, the People's Republic of China ("China"), Japan, USA and Europe.

Our headquarters and production facility are located in Singapore. Our production facility is equipped with advanced Burn-In Systems, many of which are designed and fabricated in-house for our Burn-In services. Our production facility also supports our Board Manufacturing and Engineering activities as well as manufacturing services for semiconductor, life sciences imaging and energy efficient products.

Our two subsidiaries in the US, Aplegen and Verde, are located respectively in Pleasanton, California, and Tempe, Arizona, from where we undertake mainly product research and development and global marketing initiatives to complement our engineering and manufacturing activities in Asia.

OUR AWARDS & ACHIEVEMENTS

Avi-Tech was conferred the prestigious Singapore Quality Award ("SQA") by the SQA Governing Council supported by SPRING Singapore in 2008 in recognition of our attainment of a world-class standard of performance excellence and which reaffirms our already strong credentials in the international market.

In consonance with our commitment towards business excellence and Quality Assurance, we also garnered the Singapore Quality Class award by SPRING Singapore in 1998, with renewals for this award in 2001, 2003 and 2005. We were also awarded the Enterprise 50 award by the Singapore Economic Development Board in 1999 (Ranking: 1st), 1998 (Ranking: 31st) and 1997 (Ranking: 41st). In addition, we received numerous customer appreciation awards for our product excellence and have achieved ISO 9001 and ISO 14001 certifications. We have also received ISO 13485 certification for the quality management system for medical devices.

CONTENTS

RAISING THE BAR

A blend of expertise, passion and a continuous drive for product innovation allows us to deliver comprehensive world-class solutions and services, effectively preserving our name as a key industry player.

OUR BUSINESS SEGMENTS

We offer a breadth of specialised solutions and services that require efficient and advanced technological expertise.

BURN-IN SERVICES

- We provide Static Burn-In, Dynamic Burn-In, Test During Burn-In ("TDBI") and High Power Burn-In for semiconductor manufacturers, serving the segment of the industry that requires fail-safe or high reliability semiconductor devices including microprocessors and automotive products. Our portfolio of customers spans Asia-Pacific, Europe and the US and includes some of the key players in the global semiconductor industry.

- Under this business segment, we also provide Tape and Reel services which employ the use of machines that allow customers' finished products to be delivered in reel form. Currently, we have machines handling different packages ranging from BGA, TSSOP, VQFN and DSO, with round-the-clock delivery and collection services for our customers.

BURN-IN BOARDS AND BOARD MANUFACTURING SERVICES

- We are involved in the design and manufacturing of a wide range of Burn-In boards for the various types of Burn-In oven systems as well as boards for other types of reliability tests such as High Temperature Operating Life Test and Highly Accelerated Stress Test.

- We are also qualified to build Burn-In boards which cater for high power devices. We are constantly challenging ourselves to raise our competencies in board design and assembly capabilities to meet the dynamic and increasingly sophisticated customer requirements.

ENGINEERING SERVICES

- Our engineering services range from design, development and full turnkey outsourced manufacturing and system integration of semiconductor equipment and lab-automation systems for the life sciences and biotech industries. We also recommend enhancements and improvement to our customers' designs as a value-added service to them.

- One of our competitive strengths is the provision of system integration services for refrigeration-based High Power Burn-In Systems and Lithography Tool for semiconductor front-end applications and we have significantly expanded our engineering services in this area of specialisation since 2006. Currently, our integration projects also include Charged Coupled Device ("CCD") cameras for astronomy and life sciences applications, digital imagers as well as customised LED drivers and products for various applications. In addition, we distribute and service third-party Mixed Signal Testers used in the semiconductor industry.

IMAGING EQUIPMENT AND ENERGY EFFICIENT PRODUCTS

- Our Imaging Equipment and Energy Efficient Products segment comprises two US-based subsidiaries, Aplegen, a life sciences systems and instrument company, and Verde, an energy efficient products-focused company in the area of HBLED lighting products and systems for the SSL market.

- Aplegen is revolutionising the gel imaging industry and has successfully launched a range of proprietary medical imaging systems. It also develops cameras for the astronomy, life sciences and industrial markets. Verde delivers both custom and standard solutions that define the future of lighting. It has designed, developed and brought to market a series of flexible, scalable and configurable advanced LED drivers suitable for various industries and uses.

BUILDING ON OUR VALUES

Dedication, determination and a sense of pride in our work motivates our team to aspire to be pioneers, not only in terms of technological capabilities but also in terms of customer service excellence.

LETTER TO SHAREHOLDERS

"During the year, we focused on strengthening our capabilities, increasing our operational efficiencies and containing costs. These measures helped us achieve an improved performance as compared to the previous financial year ("FY12") despite prevailing challenges in the market condition of the semiconductor industry and the overall economic environment."

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, we present to you our Annual Report for the financial year ended 30 June 2013 ("FY13").

During the year, we focused on strengthening our capabilities, increasing our operational efficiencies and containing costs. These measures helped us achieve an improved performance as compared to the previous financial year ("FY12") despite prevailing challenges in the market condition of the semiconductor industry and the overall economic environment.

While our Burn-In Boards and Board Manufacturing and Engineering Services business segments performed reasonably, the Group as a whole sustained losses due mainly to our Imaging Equipment and Energy Efficient Products and Burn-In Services business segments. Continued high operational and research and development costs incurred by the Imaging Equipment and Energy Efficient Products business segment affected our profitability while our Burn-In Services business segment was impacted by the weakened state of the semiconductor industry.

OUR FINANCIAL PERFORMANCE

Group revenue for FY13 decreased by 2.7% to $31.9 million as compared to $32.8 million in FY12. The decrease in revenue was primarily due to lower sales by the Burn-In Services business segment to a key customer, on account of that customer's restructuring of operations. The decrease was partially offset by revenue contributions by the Imaging Equipment and Energy Efficient Products business segment with the roll-out of more products by Aplegen and Verde and increase in sales from the Engineering Services business segment. Geographically, our overseas operations accounted for 56.5% of revenue in FY13 with Singapore making up the rest.

Group gross profit improved by 51.5% to $5.0 million from $3.3 million in FY12. Gross profit margin rose to 15.7% from 10.1% in FY12 with higher margins from improved sales by the Imaging Equipment and Energy Efficient Products business segment and higher gross profit margin reported by the Burn-In Boards and Board Manufacturing business segment.

Due to the losses sustained by the Imaging Equipment and Energy Efficient Products and Burn-In Services business segments, the Group registered a loss of $3.8 million in FY13. This is, nevertheless, a narrowing of loss by $4.4 million when compared to the previous year's loss of $8.2 million. The improved performance was attributed to the better performance by the Imaging Equipment and Energy Efficient Products business segment, with its increased portfolio of products which had come to market in the past year.

The Group's earnings per share (diluted) based on weighted average number of ordinary shares was (1.10) cent ((2.38) cents in FY12) while net asset value was 14.21 cents per share in FY13 (15.28 cents per share in FY12). We used net cash of $6.7 million in operating activities in FY13 due primarily to the losses incurred during the year and higher trade receivables and inventories as compared to the previous year. We ended the year with a cash position of $21.7 million. We maintained a healthy receivables balance with receivables at financial year-end at $8.1 million with no significant bad debts provision having been made. Our gearing stood at 6.0% and despite the loss sustained in FY13, our financial cash position remains healthy for long-term strategic plans of building sustainable growth and exploring new business opportunities.

INVESTING IN FUTURE GROWTH

The semiconductor landscape has changed over the years. Technological advances and the rise of disruptive technologies, such as mobile devices, have reduced the demand for certain processes such as burn-in services and other reliability and fail-safe tests. Recognising the need for a more sustainable means of growth, we took the bold step of diversifying into the life sciences, imaging equipment and energy efficient products segments, investing in our US subsidiaries, Verde and Aplegen.

There have been many challenges in the last two and a half years, which was due in part to starting operations in a new country amidst a global downturn and having to make significant investment in research and development activities and in the restructuring of operations there. We are now beginning to see some positive results from our investments. Verde and Aplegen have completed the development of most of their products and this has expanded their products portfolio. Most of these products have already been brought to market while the rest are at the completion stage. There will thus be less investment in research and development going forward. Most of the efforts in the coming year will be focused on sales and marketing of our new products in the US as well as in Europe and Asia. Toward this end, we have already commenced building up sales and distribution channels for our products in each of the markets we have targeted.

While drawing on the research and development as well as marketing capabilities of our US operations, we will simultaneously leverage on our engineering and manufacturing competencies in Asia, particularly Singapore, as we seek to consolidate our efforts geographically according to our strengths and the cost efficiencies to be realised. Our Engineering Services business segment will thus benefit from the transfer of the engineering and manufacturing activities gradually out of the US to Asia.

Our Burn-In Boards and Board Manufacturing business segment will continue to expand its capabilities by investing in new equipment. As with our other activities, we will take steps to consolidate our activities to better serve the markets for our products.

Our Burn-In Services business segment will look for ways to increase its revenue stream for non-Burn-In activities. Through concerted marketing efforts, it will also seek to widen its customer base for Burn-In services. We anticipate that once the global economy picks up and the semiconductor industry returns to health, this segment will once again contribute to our profitability.

LOOKING AHEAD

The global economic outlook remains uncertain but is showing some signs of recovery, as is the semiconductor industry. This will be advantageous for our Burn-In Services business segment which stands ready to ramp up capacity once demand picks up. Our Burn-In Board and Board Manufacturing business segment is finding new markets and will benefit from a new design centre to be set up in the Philippines to take advantage of design capabilities there and to be closer to our markets of growth. Our Engineering Services business segment will continue to expand its capabilities to new industries while simultaneously leveraging on the consolidation of manufacturing activities in Asia. Our Imaging Equipment and Energy Efficient Products business segment will look more towards customisation of its products for certain industries. Aplegen has already launched four out of five products which were being developed. It will now add accessories to this product line as a differentiating factor. Likewise, Verde, which has completed most of its range of LED drivers, will focus on reconfiguring these products to differentiate them in the market.

In light of the Group's weak performance, the Board of Directors is not recommending that a dividend be paid for FY13. This is to enable the Group to conserve its cash so as to be able to continue with our strategic plans and make investments as and when necessary for continued growth. It is also to preserve our liquidity position without the need for increasing our gearing in anticipation of rising interest rates.

OUR APPRECIATION TO ALL

It only leaves us now, on behalf of the Board, to thank you all for your continued support and belief in the Company. Our sincere appreciation also goes out to our business partners for their commitment to us, to our customers for their loyalty and to our management and staff for their immeasurable contributions. In particular, we would like to thank our former executives, Mr Wilfred Teo Chu Khiong, Chief Financial Officer, and Mr Tan Kwang Seng, Vice-President, Operations (Services), for their invaluable contributions during their years with us.

Last but not least, we would like to thank our Board of Directors for their counsel and immense dedication during the year.

Khor Thiam Beng
Chairman

Lim Eng Hong
Chief Executive Officer

Q&A WITH CEO

Q1: Avi-Tech sustained another year of loss for FY13. Is this due to the US subsidiaries comprising the Imaging Equipment and Energy Efficient Products business segment?

A: The full-year loss sustained was due mainly to the Imaging Equipment and Energy Efficient Products business segment. Nevertheless, it is significant to note that we have narrowed our losses by $4.4 million or 53.7% compared to the loss of $8.2 million in FY12.

Q2: Why are the US subsidiaries still sustaining losses?

A: The US subsidiaries continued incurring high operating and development costs due to sustained investments in research and development of new product lines which was necessary to supplement the existing portfolio of products and to replace older products which are nearing the end of their life cycles. Notwithstanding this, we remain hopeful of our investments in the Imaging Equipment and Energy Efficient Products business segment given our progress to date. This can be seen from the narrowing of losses of the business segment as compared to the same period last year. As new products have progressed to the completion stage, there has been a reduction in research and development investments for this segment. We will, in the near future, build up our sales and marketing efforts for products from our US subsidiaries.

Q3: When do you expect the US subsidiaries to turn around their performance and hence return to profitability?

A: Now that most of the products from our US subsidiaries are ready for market, we will build up our sales and marketing efforts for products from our US subsidiaries. Sales from our two US subsidiaries is likely to improve from this year and in subsequent years.

Q4: What steps are you taking or have taken during the previous financial year to stem these losses?

A: Across the Group, we have maintained a very lean and efficient workforce. We have restructured our manufacturing activities, merging all three business units' activities into one. This has reduced Group overheads by about 15%. We have also carried out various productivity initiatives in order to improve performance as well as to cope with the increasingly tight labour market, given the government's restrictions on the inflow of foreign manpower.

Q5: Will the company be profitable in FY14? What will you do if the US subsidiaries continue to post losses and what are your plans to address such a situation?

A: Any ongoing business strives towards continued profitability. We have taken steps to address the issues of high operational costs due to the investments into research and development by our US subsidiaries and the downturn in the semiconductor industry which impacted our Burn-In Services business segment. The two US subsidiaries have completed most of their research and development over the last two and a half years and henceforth, will be building up their sales and marketing efforts for the new products launched. We hope to see improved sales contribution from them in the near future. Internally, we have in place a risk management and internal control system, the aims of which are to safeguard shareholders' investments and the Group's assets. Like all investments, we will continually evaluate the viability of our new investments, and we will take appropriate steps as and when necessary.

Q6: Is the Group's operating costs expected to continue to rise and if so, for how long?

A: Although there will be investments made in sales and marketing activities, overall, we anticipate that our operating costs will be reduced going forward with the centralisation of our manufacturing activities in Asia and with the completion of our research and development activities. Our margins are expected to improve as well.

Q&A WITH CEO

Q7: What do you intend to do about the state of your Burn-In Services business segment?

A: The turnaround of this segment will depend largely on the state of the semiconductor industry which is being impacted by new technologies. Our infrastructure and facilities are already in place which will run at higher capacity once the semiconductor industry picks up with the turn-around in the economy. In the meantime, we have to ensure that we are constantly offering value-added services to our existing customers, such as chemical cleaning and board maintenance and repair, even as we seek to expand our customer base. We are also simultaneously controlling costs.

Q8: Why did the Company not exercise its share buy-back mandate earlier given that the share price has lost significant value?

A: We had exercised our share buy-back mandate during the last financial year, purchasing 1,736,000 shares in the issued and paid-up capital of the company. Our ability to buy back our shares is also determined by the availability of our shares in the market.

Q9: What is the Group's overall strategy for sustainable long-term growth?

A: Our overall strategy remains unchanged. We are looking for sustainable growth by diversifying into industries with strong growth prospects that will leverage on our existing core competencies. We are pursuing operational efficiencies and new areas of growth. We have implemented initiatives to achieve operational excellence by enhancing cost control measures, raising productivity and improving operational efficiency. We are guided by principles of the Electronic Industry Citizenship Coalition ("EICC") which is an important requirement that large US companies demand of their business partners. This will position us better in the US and overseas markets.

Q10: With a healthy cash position of $18.7 million, why is there no dividend being declared for the financial year ended 30 June 2013? When can we expect dividend to be declared again?

A: We cannot pay dividend in light of the Group's weak performance. We are of the opinion that it is in the interest of the company and ultimately the shareholders to invest in the company for future returns, rather than to return this cash to shareholders at this point in time. The cash is being retained for expansion and working capital requirements. We will take into consideration factors such as our cash balance and retained earnings, forecasted working capital requirements, expected capital expenditure and future investment needs in deciding future dividends.

CORPORATE HISTORY & MILESTONES

Incorporated in 1981, Avi-Tech's corporate history spans over thirty years starting as a provider of Burn-In solutions. Today, we have extended the breadth of our services to include board manufacturing, engineering, digital imaging for life sciences and energy efficient products. We are proud of the many achievements we have garnered and the resilience we have shown weathering the numerous technological cycles and economic challenges over the years.

1981-1986

Incorporated in Singapore

Commenced operations with 23 personnel and three Burn-In systems with a total area of 782 sq. m.

Qualified by our two largest customers, Texas Instruments Singapore and National Semiconductor Pte Ltd, as a Burn-In service provider due to our fast turnaround and good engineering support

1990-1995

Expanded our business to include the provision of engineering services to design and build semiconductor Burn-In systems

Formed strategic alliance with Motay Electronics (which was acquired by Unisys Corporation, a USA company providing system integration, network engineering, project management, and technical support services)

1997

Extended our capability to provide Tape and Reel services to semiconductor manufacturers

1998

Relocated to our own building with a total built-up area of approximately 12,000 sq. m. and equipped with advanced Burn-In systems, many of which are designed and fabricated in-house

1999

Awarded the Economic Development Board of Singapore's Enterprise 50 No. 1 ranking in recognition of our business excellence

2002-2005

Expanded our services to provide distribution of third party Burn-In and test-related equipment for use in the semiconductor testing environment and provided TDBI services

2006

Started a new project with Unisys Corporation which significantly expanded our engineering services in the area of system integration of High Power Burn-In systems

Entered into an agreement with another technology partner in system integration of High Power Burn-In systems

2007

Main Board listing on the SGX-ST

2008

Conferred the prestigious Singapore Quality Award

Successfully ventured into the US for Burn-In boards business and system integration for the life sciences industry

2009

Established subsidiary Avi-Tech, Inc. in USA to meet the up-surge in demand for Burn-In boards

2010

Incorporated Avi-Tech Verde, Inc. in USA (now known as Verde Designs, Inc.), a design and manufacturing company specialising in SSL solutions for industrial and commercial sectors

2011

Incorporated Aplegen, Inc. in USA which acquired the business and assets, including the intellectual property of the Santa Barbara Instrument Group ("SBIG"), a leading supplier of cameras and instrumentation for the scientific community

Formed a new business segment, the Imaging Equipment and Energy Efficient Products business segment, comprising Verde Designs, Inc. and Aplegen, Inc.

Secured first front-end semiconductor customer for system integration of lithography equipment

2012

Aplegen, Inc. entered into a license and supply agreement with Labnet International Inc., a subsidiary of Corning Incorporated, a leading worldwide supplier of laboratory equipment to develop, manufacture and supply a line of proprietary imaging systems

Aplegen, Inc. lauched two life sciences products, the Enduro Gel documentation system and the Omega Lum G

SBIG launched the STF camera line for both the astronomy and the life sciences markets and a new STT camera line

Verde Designs, Inc. launched two new AC Driver product lines, VeraDim and VeraWatt

BOARD OF DIRECTORS

MR KHOR THIAM BENG[1]

Non-Executive Chairman and Independent Director

Mr Khor Thiam Beng is our Non-Executive Chairman and Independent Director. He was appointed to our Board on 30 October 2006. Mr Khor is an Advocate and Solicitor of the Supreme Court of Singapore, a Commissioner for Oaths and is a member of both the Law Society of Singapore and the Singapore Academy of Law. He has been in private practice for more than 40 years and is currently the Managing Partner of Messrs Khor Thiam Beng & Partners. Mr Khor's areas of practice include real estate, corporate and banking matters.

Mr Khor holds a Bachelor of Laws Degree from the University of Singapore.

Current Directorships in Other Listed Companies

Organisation/Company	*Title*
NIL	

Principal Commitments

Organisation/Company	*Title*
Messrs. Khor Thiam Beng & Partners	*Managing Partner*

Directorships in Other Listed Companies in the past 3 years

Organisation/Company	*Title*
NIL	

MR LIM ENG HONG[2]

Chief Executive Officer

Mr Lim Eng Hong is the founder of our Group and is also our CEO. He has been appointed to our Board since 1984. He has more than 40 years of experience in the semiconductor industry and has been the main driving force behind the growth and business expansion of the Group. Mr Lim oversees the Group's overall business activities and is particularly involved in the development of the strategies behind the Group's diversification into other related business areas. Prior to setting up our Company, Mr Lim was the test manager in charge of semiconductor testing and Burn-In in National Semiconductor, part of a USA multinational corporation.

Mr Lim is active in the community and has been sitting on the School Advisory Committee (SAC) of Pei Ying Primary School since 1987, the last six years of which he served as Chairman.

Mr Lim holds separate Diplomas in Telecommunication Engineering from the Singapore Polytechnic and Management Studies from the Singapore Institute of Management.

Current Directorships in Other Listed Companies

Organisation/Company	*Title*
NIL	

Principal Commitments

Organisation/Company	*Title*
NIL	

Directorships in Other Listed Companies in the past 3 years

Organisation/Company	*Title*
NIL	

MR GOH CHUNG MENG[3]

Independent Director

Mr Goh Chung Meng is an Independent Director of our Group. He was appointed to our Board in 2001. After graduating from the National University of Singapore (Business School), Mr Goh began his career in 1982 with the management consulting arm of Deloitte & Touche in Singapore solving financial and management problems for USA and European clients operating in Southeast Asia. During the period from 1985 to 1990, Mr Goh worked as a senior consultant for Deloitte & Touche Management Consultants where he was involved in a wide variety of consulting assignments for MNC clients including a two-year stint helping to start up an insolvency unit during the 1985 recession.

After the economic recovery in 1987, Mr Goh refocused his consultancy assignments on corporate finance work that eventually led to mergers and acquisitions and significant equity restructuring exercises. In 1990, he was headhunted by executive search firm, Korn/Ferry, to join Carr Indosuez Asia (Merchant Banking unit of Credit Agricole and formerly known as Banque Indosuez). Mr Goh was subsequently

invited in 1995 by the merchant bank's parent company, SUEZ, to join its newly created US$200 million Asian Venture Capital Fund known as Suez Asia Holdings. He was Director, Investments, of the Fund focusing on Southeast Asia and China private equity investments.

Mr Goh is currently a director (alternate) of TauRx Pharmaceuticals Ltd (TauRx), the holding company of a group of biomedical science companies. The TauRx group has commenced two phase 3 global clinical trials for Alzheimer's disease and one phase 3 global clinical trial for Behavioral Variant Frontotemporal Dementia (bvFTD) in order to commercialise a disease modifying drug to treat Alzheimer's disease and other neurodegenerative diseases based on a novel mechanism. Mr Goh has been a pioneer board member of the TauRx Group since the Group's founding in 2002.

Mr Goh is also a director of ACE Investment Management Pte Ltd, a boutique private equity investment company. Mr Goh was previously a Qualified Business Angel of the National Science and Technology Board in 2001 and he had served as a Panel Member (2001 to 2008) of a Singapore government innovation and research fund, The Enterprise Challenge Unit (TEC), PS21 Office, Public Service Division, Prime Minister's Office.

Current Directorships in Other Listed Companies

Organisation/Company	*Title*
NIL	

Principal Commitments

Organisation/Company	*Title*
TauRx Pharmaceuticals Ltd	*Director*
ACE Investment Management Pte Ltd	*Director*

Directorships in Other Listed Companies in the past 3 years

Organisation/Company	*Title*
NIL	

MR MICHAEL GRENVILLE GRAY[4]

Independent Director

Mr Michael Grenville Gray is an Independent Director of our Group. He was appointed to the Board on 30 October 2006.

Prior to his retirement at the end of 2004, Mr Gray was a partner in PricewaterhouseCoopers, Singapore and before that Territorial Senior Partner for PricewaterhouseCoopers Indochina (Vietnam, Cambodia and Laos). He has over 30 years of experience in professional practice, most of which has been in Southeast Asia.

Mr Gray spent ten years in the shipping industry before training as a Chartered Accountant with Coopers & Lybrand in the United Kingdom. He is a Singapore citizen and has held a number of positions in Statutory Boards, grassroots organisations and Voluntary Welfare Organisations.

Mr Gray was admitted as a member to the Institute of Chartered Accountants in England and Wales (FCA) in 1976. Apart from being a FCA, Mr Gray has a Bachelor of Science Degree in Maritime Studies from the University of Plymouth, United Kingdom, and a Masters of Arts in South East Asian Studies from the National University of Singapore. He was also awarded an Honorary Doctor of Business from the University of Newcastle, Australia. He is a Fellow of the Chartered Institute of Logistics and Transport, a Fellow of the Institute of Singapore Chartered Accountants and a Fellow of the Singapore Institute of Directors.

Current Directorships in Other Listed Companies

Organisation/Company	*Title*
Ascendas Property Fund Trustee Pte Ltd	*Director/Chairman of Audit Committee*
GSH Corporation Limited	*Director/Chairman of Audit Committee*
VinaCapital Vietnam Opportunity Fund	*Director/Chairman of Audit Committee*

Principal Commitments

Organisation/Company	*Title*
Promoting Alternatives to Violence	*President*
Singapore Grand Prix	*Secretary of the Meeting*

Directorships in Other Listed Companies in the past 3 years

Organisation/Company	*Title*
Grand Banks Yachts Limited	*Director*

EXECUTIVE OFFICERS

MR JOSEPH WANG NIN CHOON
Chief Financial Officer

Mr Joseph Wang Nin Choon is our Chief Financial Officer. He oversees and manages the financial and accounting functions of the Group.

Mr Wang has more than 22 years of finance, corporate treasury management, corporate banking, global market and investment banking experience. Over the course of his career, he has held senior roles as Chief Financial Officer, Treasurer and Vice President of SGX-listed entities and Singapore Temasek linked companies such as Top Global, ST Engineering, PSA International and Singapore Technologies. He has strong banking experience, having held senior roles at Barclays Capital (Barclays Bank) and Deutsche Bank as their Vice President for clients management.

In Mr Wang's previous executive roles, he was responsible for finance, corporate treasury, investments, SGX-ST reporting, planning, developing and implementing business strategies across the organisation. While with the banks, he was responsible for supporting corporate clients with a wide range of financial services and products including acquisition financing, capital market financing, loan syndications, treasury and general advisory work; to assist them effectively to manage their corporate financial risks and funding requirements.

Mr Wang holds a Bachelor of Arts (Economics) Degree from Simon Fraser University, British Columbia, Canada.

MR ALVIN LIM TAI MENG
Chief Operating Officer

Mr Alvin Lim is our Chief Operating Officer. He joined our Group in 2002. Mr Lim is responsible for overseeing the Group's operations for Burn-In Services, Burn-In Boards and Board Manufacturing Services and Engineering Services business segments and our US subsidiaries Avi-Tech, Inc. and Aplegen, Inc. Mr Lim also develops the competitive positioning and strategies of our Group, manages our sales, marketing and business development functions.

Mr Lim was our Chief Operating Officer (USA Operations) from 2009 to 2011 and was responsible for strategising and promoting the Group's business in the market. Mr Lim started as a Sales Engineer with our Group, responsible for the sales and marketing team for our test equipment and sockets. He was subsequently promoted to Section Manager in the Engineering Services division to manage the manufacturing of System Level Test (SLT), Hybrid System Test (HST) thermal trays and Fusion system build to meet customers' needs, and thereafter became a Special Projects Manager. With his vast experience in managing operations, Mr Lim was later promoted to oversee Burn-In Boards and Board Manufacturing Services division and Engineering Services manufacturing operations. In May 2013, Mr Lim was appointed COO of our Group.

Mr Lim holds a bachelor's degree in Electrical Engineering from the University of Queensland, Australia, and a Graduate Diploma in Business Administration from the Singapore Institute of Management.

MR PHILIP KWOK WAI SAN

Vice President of Business Development

Mr Philip Kwok Wai San is our Vice President of Business Development. He joined our Company in 1990. He is responsible for the sales and marketing of the System Integration business and is also responsible for developing the Life Sciences Instrumentation business and other new businesses for the Group. In addition, he is in charge of service contract negotiations with customers and also manages the Group's purchasing function.

Mr Kwok has more than 30 years of experience in the semiconductor industry. He was previously the Director of Engineering Services of our Group, responsible for the management of the Engineering Services segment and overseas sales and marketing activities for Burn-In boards and boards-related products. Prior to joining our Group, he was an Engineering Manager with National Semiconductor (S) Pte Ltd.

Mr Kwok holds separate Diplomas in Electronic and Communications Engineering and Management Studies from the Singapore Polytechnic and the Singapore Institute of Management respectively.

MR LAU TOON HAI

Vice President of Quality Assurance

Mr Lau Toon Hai is our Vice President of Quality Assurance. He joined our Company in 1994 and is responsible for setting up and maintaining a functional quality organisation and Business Excellence System for our Group. Areas falling under his duties and responsibilities include overseeing the quality assurance aspects of our Group as a whole and driving our Group's Business Excellence Management System to keep alongside with current industrial and commercial standards such as Business Excellence, EICC, Quality, Environmental management system and our customers' requirements.

Mr Lau has over 20 years of experience in the electronics engineering industry. Prior to joining our Group, he has worked with companies including Philips (S) Pte Ltd, Archive (S) Pte Ltd and Conner Peripherals (S) Pte Ltd.

Mr Lau holds a Diploma in Electronics and Communications Engineering from the Singapore Polytechnic.

OPERATIONS REVIEW

Group revenue in FY13 marginally declined by 2.9% to $31.9 million, from $32.8 million in FY12. The Group's overall financial performance improved as it reduced its losses by 53.7% to $3.8 million compared to $8.2 million in the previous year. Group gross profit improved by 51.4% to $5.0 million from $3.3 million in FY12. Gross profit margin correspondingly rose to 15.7% from 10.1% in FY12 with higher margins from improved sales by the Imaging Equipment and Energy Efficient Products business segment and higher gross profit margin reported by the Burn-In Boards and Board Related Manufacturing business segment.

The Group's improved financial performance vis-à-vis FY12 was primarily attributed to the Burn-In Boards and Board Manufacturing business segment. In addition, the Imaging Equipment and Energy Efficient Products business segment reported higher sales on an expanded portfolio of products.

The Burn-In Services business segment registered revenue of $5.1 million as compared to $8.6 million in FY12. The Burn-In Boards and Board Manufacturing business segment achieved marginally lower sales of $9.6 million compared to $9.8 million in FY12. The Engineering Services business segment registered higher revenue of $8.9 million compared to $8.4 million in FY12. The Imaging Equipment and Energy Efficient Products business segment recorded improved sales of $8.3 million, compared to $6.0 million in FY12. In terms of geographical markets, Singapore and the US once again led in terms of revenue contributors, constituting 43.5% and 33.9% respectively of overall Group revenue while the other regions including Malaysia accounted for 22.6%.

BURN-IN SERVICES

The Group provides Static Burn-In, Dynamic Burn-In, TDBI and High Power Burn-In for the semiconductor industry. We serve the segment of the industry that requires fail-safe or high reliability semiconductor devices including microprocessors and automotive products. Our portfolio of customers spans Asia-Pacific, Europe and USA and includes some of the key players in the global semiconductor industry.

In terms of revenue contribution to the Group, the Burn-In Services business segment contributed 15.9% compared to 26.3% in FY12. The significantly lower sales in FY13 from this segment, after many years of profitability, resulted from decreased sales to a key customer on account of its operational restructuring and slow demand from other customers due to the lackluster semiconductor industry. The high fixed/low variable cost nature of the Burn-in Services business segment led to a sharp drop in our profit margin with the decline in sales. It is anticipated that the gross margin of this business segment will be impacted for at least the next 12 months due to the prevailing situation.

We have diversified our service offerings into non-Burn-In activities such as chemical cleaning and board maintenance to improve our revenue stream. We have also continued to provide value-added and high quality service to our existing customers while simultaneously increasing our customer base. To address the issue of costs, we have implemented several cost containment and productivity enhancing measures such as cross training of staff and equipment consolidation to improve the profitability of this segment.

While continued demand for high power Burn-In services and growth in conventional Burn-In services are anticipated with the introduction of new devices and advances in technology, we remain cautious in our projections for this sector given the uncertain global economic outlook.

TAPE AND REEL SERVICES/ OTHER SERVICES

Our Tape and Reel Services employ the use of machines that allow customers' finished products to be delivered in reel form. Currently, we have machines handling different packages ranging from BGA, TSSOP, VQFN and DSO, with round-the-clock delivery and collection services for our customers.

Our expanded range of services in this segment includes high magnification visual inspection and detaping services as well as chemical cleaning, repair/modification and maintenance of Burn-In boards to support our customers' needs in this area.

BURN-IN BOARDS AND BOARD MANUFACTURING

We are involved in the design and manufacture of a wide range of Burn-In boards for the various types of Burn-In systems as well as boards for other types of reliability tests such as High Temperature Operating Life Test and Highly Accelerated Stress Test. We are also qualified and licensed to build Burn-In boards which are catered for high power devices. We are constantly improving our competencies in board design and assembly capabilities to keep up with changing technology and customer requirements.

The revenue contribution for this segment was 30.1% in FY13 as compared to 29.8% in FY12. The higher revenue contribution resulted from an increase in sales to a key customer in the automotive industry. Boards manufacturing has also experienced growth mainly because products that were in the qualification or evaluation stage have since progressed towards production.

During the year, we invested in new equipment such as a new paste printer, test fixtures, SMT MyCenter software and automatic optical inspection machine for board manufacturing to enhance our capabilities, increase our production capacity and improve productivity.

To take advantage of better cost efficiencies and to increase our lead time to the growing Burn-In board market in the Philippines while maintaining our high service standards, we are in the process of setting up a design centre in the Philippines to tap on the design talent there. We anticipate that the center may be operational by January 2014. In the coming year, we intend to seek new markets and customers in order to maintain our growth momentum in this sector.

ENGINEERING SERVICES

The Group's engineering services range from design, development and full turnkey outsourced manufacturing and system integration of semiconductor equipment to lab-automation systems for the life sciences and biotech industries. We also recommend enhancements and improvement to our customers' designs as a value-added service to them. One of our competitive strengths is the provision of system integration services for refrigeration-based High Power Burn-In Systems and Lithography Tool for semiconductor front-end applications. Currently, our integration projects also include CCD cameras for astronomy and life sciences applications, digital imagers as well as customised LED drivers and products for various applications. In addition, we distribute and service third-party Mixed Signal Testers used in the semiconductor industry.

This segment contributed 28.0% to Group revenue in FY13 as compared to 25.6% in FY12. The increased contribution is on account of revenue booked on a major contract. The commencement of product manufacturing for our US subsidiary, Verde, in the area of LED mirrors and some driver boards, has also boosted the performance of this segment.

IMAGING EQUIPMENT AND ENERGY EFFICIENT PRODUCTS

Our Imaging Equipment and Energy Efficient Products business segment comprises two US-based subsidiaries, Aplegen, a life sciences systems and instrument company, and Verde, an energy efficient products-focused company in the area of HBLED lighting products and systems for the SSL market.

This division contributed 26.1% to the revenue of the Group in FY13 as compared to 18.3% in FY12.

The division continued to sustain losses in FY13 due to high administrative and operating costs and ongoing investments in research and development, albeit at a much lower rate as product development has entered the completion stage. Progress has been made to improve the segment's performance as evidenced by the narrowing of its losses. This has been achieved through a restructuring of operations with the consolidation of certain functions, improved productivity and streamlining of manufacturing activities in the US. At the same time, the expanded range of products which we have taken to market has increased sales and allowed us to make headway in the US.

Within the life science business, Aplegen launched the Omega Lum G and Omega Lum C .The Omega Lum G, introduced in July 2012, transformed the market for gel imagers by providing added blot imaging capabilities without a corresponding price increase. The Omega Lum C, introduced in April 2013, is a breakthrough product that easily captures quantitative images of gels and blots. Both systems utilise unique internally developed camera technology. They are gaining market acceptance globally, with concentration in the US, Japan, China, and Korea.

The camera business unit released two new products within the astro-photography space. The flagship line of STXL features cameras with resolution to 11 mega pixels while the new STT series, which is complementary to the STF product line, has a revolutionary two-stage cooling and self-guiding filter wheel as an accessory. Aplegen also introduced the first camera dedicated to OEM applications in life sciences. The Osiris 8050 features an 8MP CCD with electronic shutter and dual channel readout allowing fast download rates.

In the coming year, we will continue to focus on the development of a sales strategy that leverages the Aplegen life science brand and to increase its portfolio of products.

Verde has completed development of its foreground product lines to include the VeraWatt, VeraDim, and VeraCom product lines, rounding out the lines with final offerings and standardising on each specific to industry needs. Verde also continues to win new customers in the custom product market segment where margins are higher and there is less competition.

OPERATIONS REVIEW

The VeraDim line has leap frogged the competition with the addition of a custom Verde IC that allows Verde to offer triac dimming performance "like a lightbulb" with smooth linear performance. The VeraDim line has expanded to include power levels from 20W to 100W with multiple models also offered within the specific power levels. The VeraWatt product line continues to grow with additional offerings mainly in the DC-DC product space, with the addition of reliable lighting communications means. More VeraWatt products are expected to exit the engineering stage before the end of this calendar year and add to the standard product offering. The VeraCom product, which is new for this year, is a wall mounted touch panel that offers complete control of all lighting parameters with the touch of a button. On the custom side, multiple products are in production, with many in engineering and are expected to launch before the end of this calendar year.

In the coming year, we will focus on growing the range of customised as well as standard product offerings in the US and overseas markets. The focus is on repeatable, replicable sales methods since standard products are now the focus of the sales efforts.

HUMAN RESOURCE AND CORPORATE DEVELOPMENT

As a people-oriented organisation with a focus on staff development and continuous improvement, we regularly organise training programmes for our staff, mapping out the schedule of training for the entire group before the start of a new financial year. In FY13, we organised a key training programme, "Supervise Work Improvement Processes" which was attended by our Senior Planner. The course is aimed at enhancing knowledge of processes for productivity improvement.

To increase efficiency, reduce wastage in operations and improve productivity, we restructured our operations and manpower. Significantly, we consolidated the manufacturing activities of three of our business segments into one unit.

We constantly strive to meet international standards of social and environmental responsibility. Towards this end, we are guided by principles of the EICC. We have adopted a streamlined approach to the EICC with the area of focus being on ethics, labour and human rights, environment, workplace safety and health and supplier and customer engagement. A third party audit of our Company's standards and practices was conducted by the EICC in November 2012 and we were found to be in conformance with the requirements of the EICC.

2014 PROSPECTS

While the economic landscape remains uncertain, we are cautiously optimistic of our long-term outlook. Overall, barring unforseen circumstances and provided that the economy does not experience a downturn, we expect to see improvement in our performance in FY14.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Khor Thiam Beng
Non-Executive Chairman and Independent Director

Mr Lim Eng Hong
Chief Executive Officer

Mr Goh Chung Meng
Independent Director

Mr Michael Grenville Gray
Independent Director

AUDIT COMMITTEE

Mr Michael Grenville Gray
Chairman

Mr Khor Thiam Beng
Member

Mr Goh Chung Meng
Member

REMUNERATION COMMITTEE

Mr Goh Chung Meng
Chairman

Mr Khor Thiam Beng
Member

Mr Michael Grenville Gray
Member

NOMINATING COMMITTEE

Mr Goh Chung Meng
Chairman

Mr Khor Thiam Beng
Member

Mr Michael Grenville Gray
Member

COMPANY SECRETARY

Mr Adrian Chan Pengee
Lee & Lee
Advocates & Solicitors, Singapore

REGISTERED OFFICE

Avi-Tech Electronics Limited
Company Registration No. 198105976H
Address: 19A Serangoon North Avenue 5
Singapore 554859
Tel: +65 6482 6168
Fax: +65 6482 6123
Website: www.avi-tech.com.sg
Email: enquiry@avi-tech.com.sg

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
OUE Downtown 2 #32-00
Singapore 068809

Partner-in-charge of the audit:
Ong Bee Yen
Date of appointment:
30 October 2009

PRINCIPAL BANKERS

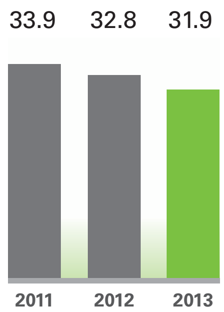
Standard Chartered Bank
6 Battery Road
Singapore 049909

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

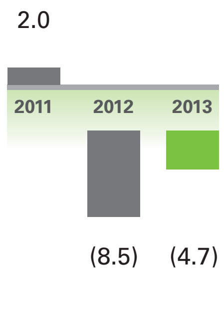
FINANCIAL HIGHLIGHTS

PROFIT AND LOSS ($'M)

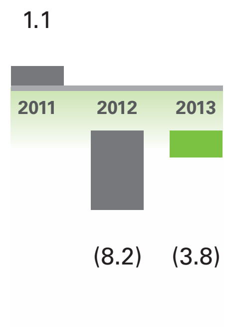
REVENUE



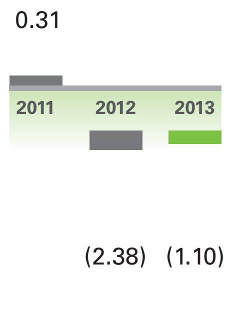
PROFIT BEFORE TAX



PROFIT AFTER TAX

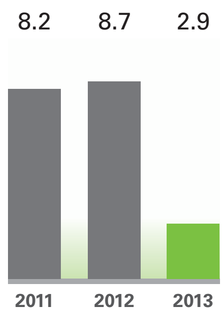


EPS (CENTS)

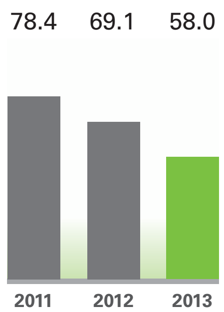


BALANCE SHEET ($'M)

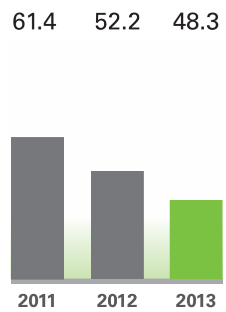
TOTAL DEBT



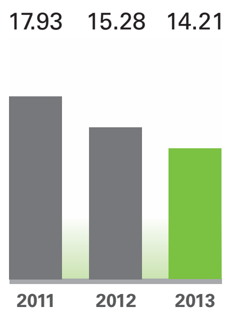
TOTAL ASSETS



SHAREHOLDERS' EQUITY

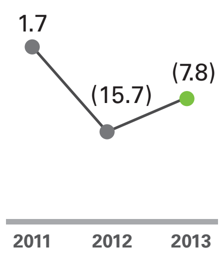


NAV PER SHARE (CENTS)

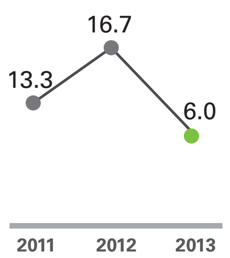


KEY FINANCIAL RATIO

RETURN ON EQUITY (%)



GEARING (%) (TOTAL DEBT/TOTAL SHAREHOLDER EQUITY)



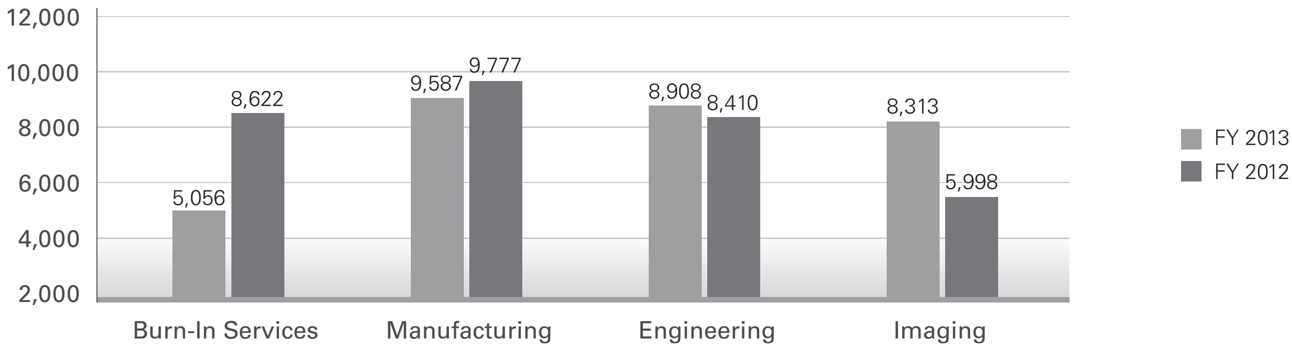
FINANCIAL REVIEW

CONSOLIDATED FINANCIAL PERFORMANCE ($'000)

	FY 2013	FY 2012	Change %
Revenue	31,864	32,807	(2.9)
Cost of sales	(26,849)	(29,494)	(9.0)
Gross profit	5,015	3,313	51.4
Administrative expenses	(10,396)	(12,224)	(15.0)
Loss before income tax	(4,673)	(8,479)	(44.9)
Income tax benefit	889	298	198.3
Loss for the year	(3,784)	(8,181)	(53.7)

For the financial year ended 30 June 2013 ("FY 2013"), the Group reported a loss of $3.8 million. The loss is primarily due to the losses reported by the Imaging Equipment and Energy Efficient Products and Burn-in Services business segments. The decrease in loss is primarily due to the better performance by the Imaging Equipment and Energy Efficient Products business segment which lead to lower losses reported as compared to FY 2012.

REVENUE BY BUSINESS SEGMENTS ($'000)



Burn-in Services which contributed 15.8% of Group's revenue in FY 2013 (FY2012: 26.3%) reported revenue for the year of $5.1 million, a decrease of $3.5 million or 41.4%. The decrease is primarily due to the lower sales to a key customer which has undergone restructuring.

Burn-in Boards and Board Manufacturing contributed 30.1% of Group's revenue in FY 2013 (FY 2012: 29.8%), reported a slight decrease of $0.2 million in revenue.

Engineering Services contributed 28.0% of Group's revenue in FY 2013 (FY 2012: 25.6%), reported revenue of $8.9 million, an increase of $0.5 million or 5.9%. The increase is primarily due to revenue booked on a major contract as compared to the same period last year.

Imaging Equipment and Energy Efficient Products contributed 26.1% of Group's revenue in FY 2013 (FY 2012: 18.3%), reported revenue of $8.3 million for the year, an increase of $2.3 million or 38.6%. The increase is due to the expansion of its products.

FINANCIAL REVIEW

COST OF SALES ($'000)

	FY 2013	FY 2012	Change%
Cost of sales	26,849	29,494	(9.0)
Include in cost of sales:			
Cost of material and equipment	17,119	18,162	(5.7)
Salary cost	6,593	7,403	(10.9)
Depreciation	1,086	1,362	(20.3)
Electricity	1,074	1,418	(24.3)
Other direct overheads	977	1,149	(15.0)

GROSS PROFIT ($'000)

	FY 2013	FY 2012	Change %
Gross Profit	5,015	3,313	51.4
Gross Margin	15.7%	10.1%	55.4

The Group reported an increase in gross profit of $1.7 million (51.4%) from $3.3 million in FY 2012 to $5.0 million in FY 2013. Gross profit margin increased from 10.1% to 15.7%. The increase is primarily due to the higher sales reported by Imaging Equipment an Energy Efficient Products business segments and improved gross profit margin reported by Burn-In Boards and Board Related Manufacturing which commands higher gross profit as compared to the other business segments.

ADMINSTRATIVE EXPENSES ($'000)

	FY 2013	FY 2012	Change%
Administrative expenses	10,396	12,224	(15.0)
Include in administrative expenses:			
Salary and related cost	5,066	5,816	(12.9)
Foreign currency exchange gain	228	138	65.2

Administrative expenses decreased by $1.8 million from $12.2 million in FY 2012 to $10.4 million in FY 2013. The decrease is primarily due to cost cutting initiatives undertaken by the Group. In addition, there has been a reduction in research and development investments for the Imaging Equipment and Energy Efficient Products business segment as the new products slowly progressed into the completion stage of development.

FINANCIAL REVIEW

LOSS FOR THE YEAR

	FY 2013	FY 2012	Change%
Loss before income tax	(4,673)	(8,479)	(44.9)
Income tax benefit	889	298	198.3
Loss for the year	(3,784)	(8,181)	(53.7)

The Group reported a loss of $3.8 million in FY 2013, a decrease in losses of $4.4 million when compared to the loss of $8.2 million in FY 2012. The loss is primarily due to the losses reported by the Imaging Equipment and Energy Efficient Products and Burn-in Services business segments. The decrease in loss is primarily due to the better performance by the Imaging Equipment and Energy Efficient business segment which led to lower losses reported as compared to FY 2012.

LIQUIDITY AND CAPITAL RESOURCES ($'000)

	FY 2013	FY 2012	Change %
Cash flow from:			
Operating activities	(6,670)	(2,812)	137.2
Investing activities	12,701	2,371	435.7
Financing activities	(5,871)	(463)	N.M.
Net change in cash and cash equivalents	160	(904)	(117.7)
Cash and cash equivalents at end of year	18,736	18,592	0.8

The Group used net cash in operating activities of $6.7 million in FY 2013. This is primarily due to losses incurred during the year as well as higher trade receivables and inventories as compared to FY 2012. The increase in operating cash used is partially offset by the higher trade payables.

Net cash generated from investing activities was $12.7 million, which is mainly due to withdrawals from fixed deposits placed with financial institutions upon maturity.

Net cash used in financing activities was $5.9 million, primarily due to repayment of bank loans.

Cash and cash equivalents remained at the same level with a slight increase of $0.1 million. Included in cash and cash equivalents are time deposits and fixed deposits in various financial institutions.

CORPORATE GOVERNANCE

The Board is committed to setting and maintaining high standards of corporate governance to preserve and enhance the interests of all shareholders. The Board has adopted the recommendations of the Code of Corporate Governance 2012 (the "**Code**").

This report describes the Company's corporate governance processes and activities with specific reference to each of the principles set out in the Code. The Company confirms that it has adhered to the principles and guidelines set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Board's role is to:

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;
- review management performance;
- identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- set the Company's values and standards (including ethical standards) and ensure that obligations to shareholders and other stakeholders are understood and met; and
- consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

All our Directors are tasked to objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

In accordance with the Code, the Board has, without abdicating its responsibility, established Board committees to assist the Board in discharging its responsibilities and to enhance the Group's corporate governance framework. The Board committees include the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), which have been delegated with specific authority. Each Board committee functions within its own defined terms of reference and procedures. All committees are chaired by an independent non-executive Director. All Board members objectively make decisions in the interests of the Company. The composition and description of each Board committee is set out in this report.

The Board conducts regularly scheduled meetings on a quarterly basis to coincide with the announcement of the Group's quarterly and full-year results and to update the Board on significant business activities and overall business environment. Ad-hoc meetings will be held as and when required to address any significant issues that may arise. The Company's Articles of Association provide for meetings to be held via telephone, electronic or other communication facilities which permit all persons participating in the meeting to communicate with each other simultaneously. The non-executive Directors are also encouraged to communicate amongst themselves, and with the Company's Auditors and the legal advisors of the Company without the presence of the executive Directors and management.

Details of Directors' attendance at the Board and Board committee meetings held for the financial year under review are summarised in the table below:

Meetings of	Board	Audit Committee	Nominating Committee	Remuneration Committee
Total held in FY13	4	4	1	1
Khor Thiam Beng	4	4	1	1
Lim Eng Hong	4	4[(1)]	1[(1)]	1[(1)]
Wilfred Teo Chu Khiong[(2)]	1	4[(1)]	1[(1)]	1[(1)]
Goh Chung Meng	4	4	1	1
Michael Grenville Gray	4	4	1	1

Notes:
(1) By Invitation
(2) Mr Wilfred Teo Chu Khiong resigned as a Director of the Company with effect from 19 September 2012

The Board has adopted internal guidelines setting the following matters which are specifically reserved to the Board for approval:

- material acquisitions and disposal of assets;
- corporate or financial restructuring;
- share issuances (including stock options or other equity awards), dividends and other capital transactions and returns to shareholders;
- approval of annual audited financial statements for the Group and the Directors' Report thereto;
- any public reports or press releases reporting the results of operations; and
- matters involving a conflict or potential conflict of interest involving a substantial shareholder or a director.

Clear directions have also been given to management that such matters must be approved by the Board.

Upon appointment of any new director, the Company will provide a formal letter to the director, setting out the director's duties and obligations. The Board ensures that all incoming directors will receive comprehensive and tailored induction on joining the Board, including briefing on his duties as a director and how to discharge those duties, and an orientation program to ensure that they are familiar with the Group's business and governance practices. The Company also provides training for any new first-time director (who has no prior experience as a director in a listed company) in any industry-specific knowledge as appropriate. All new first-time directors (who have no prior experience as a director in a listed company) are also required to attend appropriate SGX-SID Listed Company Director (LCD) Programmes offered by the Singapore Institute of Directors.

All Board members are encouraged to receive regular training, particularly on relevant new laws, regulations and changing commercial risks, from time to time. In FY13, some Directors of the Company attended the Singapore Budget Commentary 2013 Seminar organised by Deloitte & Touche LLP.

Principle 2: Board Composition and Guidance

The Board currently comprises four (4) Directors, as set out below. Mr Lim Eng Hong is the only Director that holds an executive position.

Director	Board Membership	Date of First Appointment as Director	Date of Last Re-Appointment	Audit Committee	Nominating Committee	Remuneration Committee
Khor Thiam Beng	Chairman and Independent Director	30 October 2006	29 October 2012	Member	Member	Member
Lim Eng Hong[(1)]	Chief Executive Officer ("**CEO**")	16 May 1984	-	-	-	-
Goh Chung Meng	Independent Director	16 October 2001	27 October 2011	Member	Chairman	Chairman
Michael Grenville Gray	Independent Director	30 October 2006	29 October 2012	Chairman	Member	Member

Notes:

(1) Mr Lim Eng Hong, as CEO, is not subject to rotation as provided for in his service contract and the Articles of Association of the Company.

The Board comprises more than one-third independent Directors who offer alternative views of the Group's business and corporate activities. Their views and opinions often provide different perspectives to the Group's business. No individual or small group of individuals dominates the Board's decision making. The independence of each independent Director is reviewed by the NC annually. The NC has reviewed the independence of Mr Khor Thiam Beng and Mr Michael Grenville Gray and has determined them to be independent.

Mr Goh Chung Meng has served on the Board for more than nine (9) years from the date of his first appointment. After taking into consideration the views of the NC, the Board has reviewed Mr Goh's independence and considers Mr Goh to be an independent director after having determined that there are no relationships including immediate family relationships between Mr Goh and the Company, its related corporations, its 10% shareholders or its officers, that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement with a view to the best interests of the Company. The Board also took into consideration that Mr Goh has throughout his appointment, continuously and constructively challenged management on business decisions and has remained objective in the discharge of his duties and responsibilities.

The Board considers its present composition appropriate, taking into account the nature and scope of the Group's operations and also considers the current size ideal for effective debate and decision-making of the Board. The Directors bring with them a wide spectrum of industry skills, experience in accounting, finance, legal and business strategies, management expertise and objective perspective to effectively lead and direct the Group. Profiles of the Directors are set out in this report.

At least once a year, the non-executive Directors meet without the presence of management and executive Directors to review any matters that they wish to raise privately, develop proposals on company strategy, review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

Principle 3: Chairman and Chief Executive Officer

The Code advocates that the Chairman and the Chief Executive Officer should in principle be separate persons to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision-making.

The Chairman of the Board is Mr Khor Thiam Beng, an Independent Director. Mr Khor Thiam Beng and Mr Lim Eng Hong are not related to each other. The role of Chairman includes:

- leading the Board to ensure its effectiveness on all aspects of its role;
- setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

- promoting a culture of openness and debate at the Board;
- ensuring that the directors receive complete, adequate and timely information;
- ensuring effective communication with shareholders;
- encouraging constructive relations within the Board and between the Board and management;
- facilitating the effective contribution of non-executive Directors in particular; and
- promoting high standards of corporate governance.

Day-to-day operations of the Group are entrusted to the CEO. He assumes full executive responsibilities over the mapping of business plans and operational decisions of the Group.

Principle 4: Board Membership

The NC is regulated by a set of written terms of reference endorsed by the Board, setting out their duties and responsibilities and comprises the following three (3) Directors, all of whom are independent: Mr Goh Chung Meng – Chairman; Mr Khor Thiam Beng – Member and Mr Michael Grenville Gray – Member.

According to its terms of reference, the responsibilities of the NC include:

- reviewing and making recommendations to the Board on all candidates nominated for appointment to the Board;
- identifying and making recommendations to the Board as to the Directors (including alternate directors, if applicable) who are to retire by rotation and to be put forward for re-election at each annual general meeting of the Company ("**AGM**");
- determining annually whether or not a Director is independent;
- deciding, in relation to a Director who has multiple board representations, whether or not such Director is able to and has been adequately carrying out his duties as a Director of the Company;
- identifying and nominating candidates for the approval of the Board to fill vacancies in the Board as and when they arise;
- reviewing and making recommendations to the Board regarding the Board structure, size, composition and core competencies having regard at all times to the principles of corporate governance and the Code; and
- proposing objective performance criteria (that allows comparison with the Company's industry peers) to evaluate the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board.

An evaluation of the Board's performance for FY13 was conducted. The objective of the evaluation process is to assess and identify areas for continuous improvement to the Board's overall effectiveness. It is conducted by way of a Board evaluation questionnaire through which each Director is required to complete and to assess individually the Board as a whole on several parameters namely, the Board composition, maintenance of independence, Board information, Board process, Board accountability, communication with top management and standard of conduct. The consolidated findings are reported and recommendations are made to the Board for consideration for further improvements to help the Board to discharge its duties more effectively.

The NC also makes recommendations to the Board on relevant matters relating to the review of Board succession plans for Directors, in particular, the Chairman and the CEO; and the review of training and professional development programmes for the Board.

In the selection and nomination for new Directors, the NC identifies the key attributes that an incoming Director should have, based on attributes of the existing Board and the requirements of the Group. The NC then taps on the Directors' resources for recommendations of potential candidates. Executive recruitment agencies may also be appointed to assist in the search process where necessary. The potential candidates will go through a shortlisting process. Interviews are then set up with the shortlisted candidates for the NC to assess them before a decision is made. As recommended by the NC, a new Director can be appointed by way of a Board resolution. Such Directors must present themselves for re-election at the next AGM of the Company.

Important issues to be considered as part of the process for the selection, appointment and re-appointment of directors include composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director.

Key information regarding the Directors' profiles, including directorships or chairmanships both present and those held over the preceding three (3) years in other listed companies, and other principal commitments, are set out in this report. The shareholdings in the Company of the Directors are set out in the Report of the Directors.

The Company's Articles of Association provides that one-third of the Board is to retire annually by rotation at the AGM and the Directors to retire in every year will be those who have been longest in office since their last election. Retiring Directors are eligible to offer themselves for re-election.

The NC has recommended the nomination of Mr Goh Chung Meng for re-election at the forthcoming AGM. The Board has accepted the NC's recommendation. The NC also recommends the nomination of Mr Khor Thiam Beng, who is above 70 years of age, to be re-elected at the forthcoming AGM.

The NC has also reviewed the independence of the Board members with reference to the guidelines set out in the Code and, has determined Mr Khor Thiam Beng, Mr Michael Grenville Gray and Mr Goh Chung Meng to be independent. In respect of determining Mr Goh's independence, the NC has taken in consideration that Mr Goh has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement with a view to the best interests of the Company.

To ensure that sufficient time and attention is given to the affairs of the Company, the Board has, subject to annual review, determined that the maximum number of listed company board representations which any Director may hold is five (5).

Principle 5: Board Performance

The NC assesses the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board, with inputs from the CEO. The appraisal process focuses on a set of performance criteria which includes the evaluation of the Board composition and size, the Board process, the Board effectiveness and training, the provision of information to the Board, the Board standards of conduct and financial performance indicators. Such performance criteria are approved by the Board and they address how the Board has enhanced long term shareholders' value. The performance criteria do not change unless circumstances deem it necessary and a decision to change them would be justified by the Board. The assessment parameters for each Director include attendance record at the meetings of the Board and the Board's committees and quality of participation at meetings as well as special contributions.

Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as a Director.

Principle 6: Access to Information

The Chief Financial Officer ("**CFO**") provides each member of the Board with appropriate financial accounts and other information detailing the Group's performance, financial position and prospects on a regular basis and provides the Board with meeting and presentation materials in advance of each meeting unless doing so would be deemed to compromise the confidentiality of highly sensitive information. Further enquiries may be made by the Directors to discharge his duties properly. The information provided by the CFO includes background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results is disclosed and explained. The CFO and outside professionals may also be invited to attend the meetings to provide further insight on specific matters or respond to queries from the Directors.

The Directors have separate and independent access to the Company's senior management. The Directors can seek professional advice and assistance from the Company Secretary or outsiders if necessary, and the cost of such advice and assistance will be borne by the Company.

The Company Secretary provides secretarial support to the Board and attends all Board meetings. The Company Secretary ensures adherence to Board procedures and relevant Singapore rules and regulations applicable to the Company. Where such rules and regulation relate to foreign jurisdictions, the Company Secretary facilitates liaison between foreign advisors and the Board. The Company Secretary works with management to ensure good information flows within the Board and its committees and between senior management and non-executive Directors.

The appointment and the removal of the Company Secretary is a matter for the Board to decide as a whole.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure of Remuneration

The RC is regulated by a set of written terms of reference endorsed by the Board setting out their duties and responsibilities and comprises three (3) Directors, all of whom are non-executive and independent: Mr Goh Chung Meng – Chairman; Mr Khor Thiam Beng – Member and Mr Michael Grenville Gray – Member.

The aim of the RC is to motivate and retain Directors and key executives without being excessive, and ensure that the Company is able to attract and retain the best talent in the market to drive the Group's businesses forward in order to maximise long-term shareholder value.

According to its terms of reference, the responsibilities of the RC include:

- recommending to the Board a framework of remuneration for the Board and key executives, such recommendations to cover aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind;
- determining performance-related elements of remuneration to align interests of executive Directors and key executives with those of shareholders and link rewards to corporate and individual performance; and
- considering whether Directors should be eligible for benefits under long-term incentive schemes.

While none of the members specialise in the field of executive compensation, the members of the RC do possess broad knowledge in this area and have access to external professional advice. The RC is competent in reviewing and recommending to the Board the appropriate remuneration framework for the Board and key executives in accordance with the terms of reference duly adopted by the Board.

The RC ensures that both the total remuneration as well as individual pay components, i.e. annual fixed cash, annual performance incentives and the long-term incentives, are market competitive and are performance-driven.

The annual fixed cash component comprises the annual basic salary plus fixed allowances which the Company benchmarks with the relevant industry market data, where available. The annual performance incentive variable bonus is tied to the performance of the Company, business unit and individual employee. Performance conditions to which entitlement to such annual and short-term incentives are met include benchmarking performance to industry business operation expectations and performance that exceeds such expectations, as well as measuring performance based on the Company's financial performance vis-à-vis industry performance.

The Avi-Tech Employee Share Option Scheme ("**ESOS**") is a long term incentive plan. The ESOS mechanism involves deferring incentive compensation over a time horizon to ensure that the employee focuses on generating shareholder value over a longer term. Conditions to entitlement to such long term incentive include assessment and recognition of potential progressive performance and enhancement to asset value and shareholder value over time, taking into consideration current and future plans of the Company.

For the financial year under review, the performance conditions for the short and long-term incentives have generally been met.

CORPORATE GOVERNANCE

The remuneration package of the Company's only Executive Director, the CEO, is based on terms stipulated in his service contract. His remuneration includes a profit sharing scheme that is performance related to align his interests with those of the shareholders. The CEO's service contract with the Company is for a fixed period.

The non-executive Directors are paid Directors' fees based on their contributions and responsibilities on the Board and Board committees. The recommendations made by the RC in respect of the non-executive Directors' fees are subject to shareholders' approval at the AGM.

The RC has recommended to the Board an amount of $135,000 as Directors' fees for the year ended 30 June 2013. This recommendation will be tabled for shareholders' approval at the forthcoming AGM.

A breakdown, showing the level and mix of each individual Director's remuneration (rounded down to the nearest $1,000) for the year ended 30 June 2013, is as follows:

$	Fee[1]	Salary	Variable Bonus	Benefits in kind	Total
Directors					
Lim Eng Hong	-	420,000	105,000	43,000	568,000
Khor Thiam Beng	45,000	-	-	-	45,000
Wilfred Teo Chu Khiong[2]	-	156,000	26,000	-	182,000
Goh Chung Meng	45,000	-	-	-	45,000
Michael Grenville Gray	45,000	-	-	-	45,000

A breakdown, showing the level and mix of the top key executives' remuneration (in bands of $250,000) for the year ended 30 June 2013, is as follows:

Key Executive	Salary	Variable Bonus	Benefits in kind	Total
Band A[3]	%	%	%	%
Tan Kwang Seng[4]	85	15	-	100
Kwok Wai San, Philip	86	14	-	100
Lau Toon Hai	86	14	-	100
Lim Tai Meng, Alvin[5]	87	13	-	100
Lee Soon Kiat[6]	96	4	-	100
Wilfred Teo Chu Khiong[2]	86	14	-	100
Joseph Wang Nin Choon[7]	-	-	-	-

The total remuneration paid to the above top key executives is $730,000 in FY13.

Save as disclosed above, the Group did not employ any immediate family member of a Director, where the remuneration of such immediate family member exceeded $50,000 in FY13. In respect of Mr Lim Tai Meng, Alvin's total remuneration in incremental bands of $50,000, he falls within the $100,000 to $149,999 band. "Immediate family" means a spouse, child, adopted child, step-child, brother, sister or parent.

Notes:

(1) These fees are subject to the shareholders' approval at the forthcoming AGM.
(2) Mr Wilfred Teo Chu Khiong resigned as a Director of the Company with effect from 19 September 2012 and as the CFO with effect from 30 September 2013.
(3) Band A means from $0 up to $249,999.
(4) Mr Tan Kwang Seng resigned from the Company on 16 May 2013.
(5) Mr Lim Tai Meng, Alvin is the son of Mr Lim Eng Hong, our CEO, Director and controlling shareholder.
(6) Mr Lee Soon Kiat resigned from the Company on 24 May 2013.
(7) Mr Joseph Wang Nin Choon was appointed as CFO of the Company with effect from 16 September 2013.

AVI-TECH EMPLOYEE SHARE OPTION SCHEME

The Company has on 6 July 2007 adopted the ESOS for eligible employees, including all Directors of the Company and the Group. The ESOS complies with the relevant rules as set out in Chapter 8 of the Listing Manual of the SGX-ST. The ESOS, which forms an integral and important component of a compensation plan, is designed to primarily reward and retain executive Directors and employees whose services are vital to our well-being and success. The ESOS is administered by the RC.

The aggregate number of shares over which the RC may grant options on any date, when aggregated with the number of shares issued and issuable in respect of all options granted under the ESOS and any other share option schemes of the Company, shall not exceed 15% of the issued shares of the Company (excluding treasury shares) on the day preceding the date of the relevant grant.

The options that are granted under the ESOS may have exercise prices that are set at a price (the "**Market Price**") equal to the average of the last dealt prices for the shares on the Official List of the SGX-ST for the five (5) consecutive market days immediately preceding the relevant date of grant of the relevant option of a Share; or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the Market Price may be exercised after the second anniversary from the date of grant of the option. Options granted to employees of the Group under the ESOS will have a life span of ten (10) years. All other options granted under the ESOS will have a life span of five (5) years.

Under the rules of the ESOS, executive and non-executive Directors (including Independent Directors of the Company) and employees of the Group and associated companies are eligible to participate in the ESOS. Subject to specific approval of independent shareholders, controlling shareholders and their associates will also be eligible to participate in the ESOS.

During the financial year under review, 940,000 options to subscribe for ordinary shares of the Company were granted pursuant to the ESOS, as follows:

(i) 850,000 options to subscribe for ordinary shares of the Company was granted on 3 July 2012, out of which 100,000 options were granted to Mr Teo Chu Khiong Wilfred, who was a Director and CFO of the Company at the date of grant; and

(ii) 90,000 options to subscribe for ordinary shares of the Company was approved for grant by shareholders of the Company at the AGM held on 29 October 2012 and pursuant thereto was granted on 16 November 2012 to Mr Lim Tai Meng Alvin, who is the son of Mr Lim Eng Hong, our CEO, Director and controlling shareholder.

These options were granted with an exercise price of $0.06 per share, representing a discount of 20% to the then market price and therefore may only be exercisable after the second anniversary from the date of the grant.

A holder of the above share options has no right to participate in any share issues of any other company.

Participants of the ESOS who: (i) are Directors of the Company; (ii) are controlling shareholders of the Company and their associates; or (iii) received options amounting to 5.0% or more of the total number of options available under the ESOS are as set out below:

Name of Participant Employee	Options granted during financial year under review	Aggregate Options granted since commencement of the ESOS to end of financial year under review	Aggregate Options exercised since commencement of the ESOS to end of financial year under review	Aggregate Options outstanding as at end of financial year under review
Wilfred Teo Chu Khiong[(1)]	100,000	100,000	-	100,000
Lim Tai Meng, Alvin[(2)]	90,000	90,000	-	90,000
Kwok Wai San Philip	90,000	90,000	-	90,000
Tan Kwang Seng	90,000	90,000	-	90,000
Darren Pang	80,000	80,000	-	80,000
Desmond Ow	80,000	80,000	-	80,000
Lau Toon Hai	80,000	80,000	-	80,000
Ngo Yu Wei Allan	80,000	80,000	-	80,000
Lee Wee Meng	50,000	50,000	-	50,000
Kurien P Mathews	50,000	50,000	-	50,000
Ng Chin Kuay	50,000	50,000	-	50,000
Bambang H Sutedjo	50,000	50,000	-	50,000
Tan Kin Poh	50,000	50,000	-	50,000

Notes:

(1) Mr Wilfred Teo Chu Khiong resigned as Director of the Company with effect from 19 September 2012 and as CFO with effect from 30 September 2013.

(2) Mr Lim Tai Meng Alvin, is the son of Mr Lim Eng Hong, our CEO, Director and controlling shareholder.

Further details of the terms of the options granted under the ESOS are set out in the Company's announcements dated 3 July 2012 and 16 November 2012.

The requirements of Rule 852(1)(c) of the Listing Manual of the SGX-ST are not applicable to the Company.

APLEGEN SCHEME

The Company's subsidiary, Aplegen adopted a share option scheme in respect of the unissued shares of Aplegen (the "**Aplegen Scheme**"), for participation by eligible employees of Aplegen ("**Aplegen Employees**"). The Aplegen Scheme is administered by our Directors, Mr Goh Chung Meng, Mr Khor Thiam Beng, Mr Lim Eng Hong and Mr Michael Grenville Gray.

During the financial year FY11, a total of 980,000 share options were granted to Aplegen Employees at the Net Asset Value of Aplegen, determined to be US$1.00 per share. No options were granted at a discount. A holder of the above share options has no right to participate in any share issues of any other company. During the current financial year under review, no share options were granted but 380,520 share options were cancelled.

Save as disclosed below, no Aplegen Employee has received options amounting to 5.0% or more of the total number of options available under the Aplegen Scheme:

Name of Participant Employee	Options granted during financial year under review	Aggregate options granted since commencement of the Aplegen Scheme to end of financial year under review	Aggregate options exercised / cancelled since commencement of the Aplegen Scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Ron Bissinger(1)	-	202,500	(126,840)	75,660
Mark Allen(1)	-	202,500	(126,840)	75,660
Diping Che(1)	-	202,500	(126,840)	75,660
Sia Ghazvini	-	202,500	-	202,500
Mike Henighan	-	100,000	-	100,000

Notes:

(1) Ron Bissinger, Mark Allen and Diping Che have ceased to be Aplegen Employees and accordingly the 126,840 share options held by each of them have been cancelled during the financial year under review.

The options granted to the Aplegen Employees are exercisable in five (5) tranches. The first tranche is 41.8%, followed by four (4) equal tranches of 14.5% each. The first tranche vests and is exercisable after the first anniversary of the date of grant. The subsequent four tranches each vests and is exercisable after the expiry of three years from the date of each of the audited accounts of Aplegen, for the financial years ending in 2012, 2013, 2014 and 2015, if the vesting conditions are met. Further details of the terms of the Aplegen Scheme are set out in the Company's announcement dated 9 February 2011.

No options under the Aplegen Scheme were granted to any Directors or controlling shareholders of the Company and their associates.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board provides shareholders with quarterly, half-year and full-year financial reports within the mandatory period. In presenting financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's performance, position and industry conditions. The responsibility to provide a balanced and understandable assessment extends to interim and other price sensitive public reports and reports to regulators (if required). The Board has also taken adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange, by establishing written policies where appropriate.

Management provides all members of the Board with management accounts which present a balanced and understandable assessment of the Company's and Group's performance, position and prospects on a monthly basis. Such reports enable the Directors to keep abreast of the Group's operating and financial performance and position. Any material variances between the projections and actual results are disclosed and explained.

Principle 11: Risk Management and Internal Controls

Principle 13: Internal Audit

The Company has put in place a risk management and internal control system in areas such as financial, operational, compliance and information technology controls. Risk management and internal controls are detailed in formal instructions, standard operating procedures and financial authority limits policies. The principal aim of the internal control system is the management of business risks with a view to safeguarding shareholders' investments and the Group's assets. The management maintains the risk management and internal control system and the Board monitors the Group's risks through the AC and internal auditors. In designing these controls, the Company has considered the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them.

The Company has outsourced the internal audit function to RSM Ethos Pte Ltd. The internal auditors report to the Chairman of the AC and the scope of work will be agreed with the AC on an annual basis, which is generally to conduct investigations to establish if there is any fraud or irregularity, or failure of the risk management and internal control systems, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's operating results or financial position. The internal auditors have access to all the Company's documents, records, properties and personnel, including access to the AC. The AC approves the hiring, removal, evaluation and compensation of the internal auditors.

The Board relies on internal audit reports and the management letter prepared by the external auditors to report on any material non-compliance or internal control weaknesses. For the financial year under review, based on the risk management systems and internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's risk management and internal controls, addressing financial, operational, compliance and information technology risks, were adequate as at 30 June 2013.

The Board has also received assurances from the CEO and the CFO that for the financial year under review, the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and based on the work performed by the internal and external auditors, the Group's risk management and internal controls, addressing financial, operational, compliance and information technology risks, were effective as at 30 June 2013.

The system of risk management and internal controls established by the Group is designed to manage, rather than eliminate, the risk of failure in achieving the Group's goals and objectives. The Board wishes to state that the system of internal controls provides reasonable, but not absolute, assurance as to financial, operational, compliance and information technology risks. No such system can provide absolute assurance against the occurrence of material errors and other situations not currently within the contemplation or beyond the control of the Board.

Principle 12: Audit Committee

The AC is regulated by a set of written terms of reference endorsed by the Board, setting out their duties and responsibilities, and comprises three (3) Directors, all non-executive and all of whom are independent: Mr Michael Grenville Gray – Chairman; Mr Khor Thiam Beng – Member and Mr Goh Chung Meng – Member.

The members of the AC are appropriately qualified to discharge their responsibilities, with Mr Michael Grenville Gray having been a former partner in PricewaterhouseCoopers, Mr Goh Chung Meng having a wide financial management experience and Mr Khor Thiam Beng being a senior practising lawyer.

The AC has explicit authority to investigate any matters within its terms of reference, full access to and the co-operation of management and full discretion to invite any Director or key executive to attend its meetings and has been given reasonable resources to enable it to discharge its functions. Each member of the AC will abstain from voting in respect of matters in which he has an interest.

According to its terms of reference, the responsibilities of the AC include:

- reviewing the scope and results of the external audit and the independence and objectivity of the external auditors;
- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- reviewing the effectiveness of the Company's internal audit function;
- making recommendation to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement; and
- reviewing interested person transactions and provide such reports that are required by law or relevant regulations.

The AC has reviewed the audit plan and scope of examination of the external auditors and the assistance given by the Group's officers to the auditors. No restriction was imposed by the management on the scope and extent of the external audit.

The AC met with the Group's external and internal auditors, in each case without the presence of management, to discuss the results of their examinations and the evaluation of the Group's system of internal controls. The AC also reviewed the Group's full-year results announcement, the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2013 prior to its recommendations to the Board for approval. The statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" which is found in this Annual Report.

CORPORATE GOVERNANCE

Before confirming an external auditors' re-nomination, the AC will conduct an annual review of the independence of the Company's external auditors and the total fees for non-audit services compared with audit services, and satisfy itself that the nature and volume of any non-audit services will not prejudice the independence and objectivity of the auditors. During the financial year under review, the remuneration paid/payable to the Company's external auditors, Deloitte & Touche LLP, is set out below:

Service Category	Fees Paid/Payable $'000
Audit Services	118
Non-Audit Services	10
Total	128

The AC has reviewed the non-audit services provided by the external auditors, Deloitte & Touche LLP for FY13, and is of the opinion that the provision of such services did not affect the independence or, objectivity of the external auditors. The external auditors have affirmed their independence in this respect.

The AC had recommended the re-appointment of Deloitte & Touche LLP as external auditors of the Company at the forthcoming AGM. The external auditors re-appointed for the Company's subsidiaries are set out in the notes to the financial statements found in this Annual Report.

In proposing to shareholders the re-appointment of Deloitte & Touche LLP as the external auditors to the Company and in line with Rule 712 of the Listing Manual of the SGX-ST, the Board and the AC considered and are satisfied with the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of our Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit; and Deloitte & Touche LLP has confirmed that it is registered with the Accounting and Corporate Regulatory Authority.

In the re-appointment of the external auditors to the Company's foreign-incorporated subsidiaries that require their accounts to be audited under the laws of the respective countries of incorporation, and in line with Rule 716(1) of the Listing Manual of the SGX-ST, the Board and the AC considered and are satisfied that the re-appointments would not compromise the standard and effectiveness of the audit of the Company.

To achieve a high standard of corporate governance for the operations of the Group, the Group has implemented a Whistle-Blowing Programme. This programme will provide arrangements by which staff can raise concerns on financial improprieties and other reporting matters.

Before the release of the Company's quarterly results, the AC meets to review the results announcement together with the external auditors of the Company prior to its recommendations to the Board for approval. Any changes to accounting standards and issues which have a direct impact on financial statements will be raised at such meetings.

SHAREHOLDER RIGHTS & RESPONSBILITIES

Principle 14: Shareholder Rights

Principle 15: Communication with Shareholders

Principle 16: Conduct of Shareholder Meetings

The Board is aware of its obligations to shareholders in providing information of changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares.

The AGM is the principal forum for dialogue with shareholders. The Board welcomes questions and comments relating to the Group's business or performance from shareholders at AGMs. Shareholders are given an opportunity to air their views and direct questions to the Board on matters affecting the Group. The Chairman of the Board and the respective Chairman of the AC, NC and RC, all Directors, management and representatives of the external audit firm are normally present at the AGM to address questions from shareholders. The Articles of Association of the Company allow a shareholder to appoint a proxy to attend and vote in his place at AGMs. Nominee companies may appoint more than two (2) proxies. Shareholders will be informed of the rules, including voting procedures that govern general meetings of shareholders. According to the Articles of Association of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless before or on the declaration of the results of the show of hands, a poll is demanded in the manner as set out in the Company's Articles of Association. Voting in absentia and by electronic mail is not presently possible and the Board is not implementing such absentia-voting methods until issues on security and integrity are satisfactorily resolved. Minutes of general meetings are prepared and available to shareholders upon their request in accordance with applicable laws.

The Board is aware of its obligations to shareholders and has devised investor relations policies to provide regular, effective and fair communication and convey pertinent information to shareholders. In line with continuous disclosure obligations of the Company pursuant to the rules of the SGX-ST, the Board's policy is that all shareholders should be equally and timely informed of all major developments and events that impact the Group. Information is communicated to our shareholders through public announcements via SGXNET and the Company's website, as well as news releases where appropriate and annual reports/circulars that are sent to all shareholders and notices of general meeting are advertised. The Company does not practise selective disclosure of material information. Material information is excluded from briefings with investors or analysts, unless it has been publicly released via SGXNet before, or concurrently with, such meetings. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

The Board endeavours to establish and maintain regular dialogue with shareholders, to gather views or inputs, and address shareholders' concerns. To that extent, the Company has in the past undertaken regular analyst briefings to provide market updates on the Group's business and plans to reinitiate this practice.

For FY13, out of prudence, the Company will not be paying dividends to shareholders due to the poor performance of the Group and the uncertain economic and business conditions, which will require the retention of earnings to build up reserves to absorb any future shocks and preserve the Company's liquidity position. This will also enable the Group to make investments for long-term growth where needed.

CODE OF BUSINESS CONDUCT

The Group has adopted a Code of Business Conduct to regulate the standards of ethical conduct of the Group, which provides that its Directors, officers and employees are required to observe and maintain high standards of integrity with the law, regulations and Company policies.

SECURITIES TRANSACTIONS

In line with Rule 1207(19) of the Listing Manual of the SGX-ST, the Group has issued policies on share dealings by Directors and key officers of the Company, setting out the implications of insider trading and recommendations of best practices. Directors and all key executives are advised not to deal in the Company's shares on short-term considerations or when they are in possession of material unpublished price-sensitive information. The Company also prohibits its officers from dealing in the Company's shares, during the periods commencing at least two (2) weeks before the announcement of the Group's quarterly results and one (1) month before the announcement of the Group's full-year results and, ending on the date of the announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC. The Board confirms that there are no material interested person transactions entered into during the financial year ended 30 June 2013 which fall under Rule 907 of the Listing Manual of the SGX-ST. The Company has no shareholder mandate pursuant to Rule 920 of the Listing Manual of the SGX-ST.

MATERIAL CONTRACTS

There are no material contracts of the Group involving the interests of any Director or controlling shareholder entered into during the financial year that is required to be disclosed under Rule 1207(8) of the Listing Manual of the SGX-ST.

CORPORATE SOCIAL RESPONSIBILITY

The Company is aware of the effects of its operations and the role it plays in preserving the environment. The Company intends to encourage a more environmentally responsible culture, including implementing policies for paper recycling, reducing the unnecessary use of paper and reducing electricity consumption.

STATUS REPORT ON USE OF IPO PROCEEDS

The Group successfully raised approximately $29.0 million from its initial public offering ("**IPO**") on 25 July 2007. As at 30 June 2013, 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:

	$ million
Expansion of our customer base and widen our portfolio of services	6.0
Potential mergers and acquisitions	2.8
Expansion of our overseas operations	3.0
Working capital	9.7
Total	**21.5**

Management has confirmed that the above use of proceeds was in line with the Company's planned utilisation of funds.

Report of the Directors and Financial Statements

CONTENTS

REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2013.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Lim Eng Hong
Goh Chung Meng
Khor Thiam Beng
Michael Grenville Gray

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except for the options mentioned in paragraph 5 of the Report of the Directors.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in the names of directors			Shareholdings in which directors are deemed to have an interest		
Names of directors and company in which interests are held	**At beginning of the year**	**At end of the year**	**At 21 July 2013**	**At beginning of the year**	**At end of the year**	**At 21 July 2013**
The Company (ordinary shares)						
Lim Eng Hong	79,638,350	79,638,350	79,638,350	26,390,000	26,390,000	26,390,000
Goh Chung Meng	80,000	180,000	180,000	-	-	-
Khor Thiam Beng	180,000	180,000	180,000	-	-	-
Michael Grenville Gray	880,000	-	-	-	880,000	880,000

By virtue of Section 7 of the Singapore Companies Act, as at 30 June 2013, Mr Lim Eng Hong was deemed to have an interest in all the ordinary shares of the subsidiaries of the Company.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest except for salaries, bonuses and other benefits paid to the directors and fees paid to a firm for services rendered by the firm whereby its managing partner is a director of the Company as disclosed in the financial statements.

5 SHARE OPTIONS

(a) *Options to take up unissued shares*

Avi-Tech Employee Share Option Scheme (the "Scheme")

Avi-Tech Employee Share Option Scheme (the "Scheme") in respect of unissued ordinary shares in the Company was approved by the shareholders of the company in the financial year ended 30 June 2008.

The Scheme is administered by the Remuneration Committee whose members are:

Goh Chung Meng (Chairman)
Khor Thiam Beng
Lim Eng Hong
Michael Grenville Gray

Under the Scheme, the share option shall be exercisable after the second anniversary from the offer date of the option and before the tenth anniversary of the relevant offer date. The ordinary shares of the Company ("Shares") under option may be exercised on the payment of the exercise price. The exercise price is at a 20% discount to the average of the last dealt prices of the Shares on the Singapore Exchange Securities Trading Limited over the five consecutive trading days immediately preceding the date of grant.

The number of Shares available under the Scheme shall not exceed 15% of the issued share capital of the Company. The number of outstanding share options under the Scheme is as follows:

Date of grant	Balance at 1.7.2012	Granted	Exercised	Cancelled/ Lapsed	Balance at 30.6.2013	Exercise price per share	Exercisable period
03.07.2012	-	850,000	-	-	850,000	S$0.06	From 03.07.2014 to 03.07.2022
16.11.2012	-	90,000	-	-	90,000	S$0.06	From 16.11.2014 to 16.11.2022

Holders of the above share options have no right to participate in any share issues of any other company in the Group.

The following are participants who received 5% or more of the total number of ordinary share options available under the Scheme:

Name of participant	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to the end of the financial year	Aggregate options exercised since commencement of the Scheme to the end of the financial year	Aggregate options cancelled/lapsed since commencement of the Scheme to the end of the financial year	Aggregate options outstanding as at the end of the financial year
Wilfred Teo	100,000	100,000	-	-	100,000
Tan Kwang Seng	90,000	90,000	-	-	90,000
Kwok Wai San Philip	90,000	90,000	-	-	90,000
Lim Tai Meng Alvin *	90,000	90,000	-	-	90,000
Darren Pang	80,000	80,000	-	-	80,000
Desmond Ow	80,000	80,000	-	-	80,000
Lau Toon Hai	80,000	80,000	-	-	80,000
Ngo Yu Wei Allan	80,000	80,000	-	-	80,000
Lee Wee Meng	50,000	50,000	-	-	50,000
Kurien P Mathews	50,000	50,000	-	-	50,000
Ng Chin Kuay	50,000	50,000	-	-	50,000
Bambang H Sutedjo	50,000	50,000	-	-	50,000
Tan Kin Poh	50,000	50,000	-	-	50,000

* Options granted to an associate of the Company's controlling shareholder.

5 SHARE OPTIONS *(cont'd)*

(a) *Options to take up unissued shares (cont'd)*

Aplegen Employee Share Option Scheme (the "Aplegen Scheme")

Aplegen Employee Share Option Scheme (the "Aplegen Scheme") in respect of unissued ordinary shares in Aplegen, Inc., a subsidiary, was approved on 9 February 2011.

The Aplegen Scheme is administered by the Remuneration Committee whose members are:

Goh Chung Meng (Chairman)
Khor Thiam Beng
Lim Eng Hong
Michael Grenville Gray

Under the Aplegen Scheme, the share option shall vest and be exercisable depending on the achievement of pre-determined targets over an annual performance period. The vesting tranche will lapse and become null and void if the pre-determined targets are not achieved by the relevant conditions closing date.

A total of 980,000 share options were granted to executives of the subsidiary at the net asset value of the subsidiary, determined by the Committee to be US$1.00 per share.

The number of outstanding share options under the Aplegen Scheme is as follows:

Date of grant	Balance at 1.7.2012	Granted	Exercised	Cancelled/ Lapsed	Balance at 30.6.2013	Exercise price per share	Exercisable period
09.02.2011	980,000	-	-	(380,520)	599,480	US$1.00	From 10.02.2012 to 10.02.2022

Holders of the above share options have no right to participate in any share issues of any other company in the Group.

The following are participants who received 5% or more of the total number of ordinary share options available under the Aplegen Scheme:

Name of participant	Number of options granted during the financial year	Aggregate options granted since commencement of the Scheme to the end of the financial year	Aggregate options exercised since commencement of the Scheme to the end of the financial year	Aggregate options cancelled/lapsed since commencement of the Scheme to the end of the financial year	Aggregate options outstanding as at the end of the financial year
Ronald Bissinger	-	202,500	-	(126,840)	75,660
Mark Allen	-	202,500	-	(126,840)	75,660
Diping Che	-	202,500	-	(126,840)	75,660
Sia Ghavani	-	202,500	-	-	202,500
Michael Henighan	-	100,000	-	-	100,000

(b) *Unissued shares under option and options exercised*

No unissued shares, other than as disclosed above, are under options at the end of the financial year. During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

6 AUDIT COMMITTEE

The Audit Committee (the "Committee") is chaired by Mr Michael Grenville Gray, an independent director, and includes Mr Goh Chung Meng, an independent director and Mr Khor Thiam Beng, a non-executive director. The Audit Committee has met 4 times and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) the external auditors' audit plans;

(b) the audit plan and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(c) the Group's financial and operating results and accounting policies;

(d) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

(e) the quarterly, half-yearly and annual as well as the related press releases on the results and financial position of the Group;

(f) the cooperation and assistance given by the management to the Group's external auditors;

(g) the re-appointment of the external auditors of the Group; and

(h) the independence of external auditors.

The Committee has full access to and has the cooperation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Committee.

The Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting ("AGM") of the Company.

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Lim Eng Hong **Khor Thiam Beng**

11 September 2013

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 44 to 87 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2013 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

Lim Eng Hong

Khor Thiam Beng

11 September 2013

INDEPENDENT AUDITORS' REPORT

To the members of Avi-Tech Electronics Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Avi-Tech Electronics Limited (the Company) and its subsidiaries (the Group) which comprise the statements of financial position of the Group and the Company as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 44 to 87.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2013 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and Chartered Accountants

Singapore
11 September 2013

STATEMENTS OF FINANCIAL POSITION

30 June 2013

	Note	Group		Company	
		2013	**2012**	**2013**	**2012**
		$'000	**$'000**	**$'000**	**$'000**
ASSETS					
Current assets					
Cash and bank balances	6	4,736	3,592	4,246	3,156
Fixed and call deposits	7	17,000	30,000	17,000	30,000
Trade receivables	9	8,122	6,218	6,422	5,450
Other receivables and prepayments	10	535	528	388	1,934
Inventories	11	5,429	3,807	3,798	3,430
Held-to-maturity financial assets	12	3,612	-	3,612	-
Total current assets		39,434	44,145	35,466	43,970
Non-current assets					
Subsidiaries	13	-	-	-	1,294
Property, plant and equipment	14	13,956	15,236	13,748	15,048
Goodwill	15	691	696	-	-
Other intangible assets	16	1,846	2,282	-	-
Held-to-maturity financial assets	12	2,058	6,725	2,058	6,725
Total non-current assets		18,551	24,939	15,806	23,067
Total assets		57,985	69,084	51,272	67,037
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	17	2,832	3,444	2,832	3,444
Trade payables	18	3,702	3,307	3,181	3,788
Other payables	19	2,702	3,019	1,694	1,980
Finance leases	20	50	50	50	50
Total current liabilities		9,286	9,820	7,757	9,262
Non-current liabilities					
Bank loans	17	-	5,111	-	-
Other payables	19	-	617	-	-
Finance leases	20	47	98	47	98
Deferred tax liabilities	21	-	850	-	850
Total non-current liabilities		47	6,676	47	948
Capital and reserves					
Share capital	22	31,732	31,732	31,732	31,732
Treasury shares	22	(933)	(803)	(933)	(803)
Reserves		17,517	21,320	12,669	25,898
Equity attributable to owners of the Company		48,316	52,249	43,468	56,827
Non-controlling interests		336	339	-	-
Total equity		48,652	52,588	43,468	56,827
Total liabilities and equity		57,985	69,084	51,272	67,037

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2013

	Note	Group 2013 $'000	Group 2012 $'000
Revenue	24	31,864	32,807
Cost of sales		(26,849)	(29,494)
Gross profit		5,015	3,313
Other operating income	25	1,141	963
Distribution costs		(222)	(262)
Administrative expenses		(10,396)	(12,224)
Finance costs	26	(211)	(269)
Loss before income tax		(4,673)	(8,479)
Income tax benefit	27	889	298
Loss for the year, attributable to owners of the Company	28	(3,784)	(8,181)
Other comprehensive loss:			
Exchange differences on translation of foreign operations		(36)	(61)
Other comprehensive loss for the year, net of tax		(36)	(61)
Total comprehensive loss for the year, attributable to owners of the Company		(3,820)	(8,242)
Loss per share			
Basic and diluted (cents)	29	(1.10)	(2.38)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2013

	Share capital $'000	Treasury shares $'000	Reserves: Currency translation reserve $'000	Reserves: Share option reserve $'000	Reserves: Retained profits $'000	Total reserves $'000	Equity attributable to owners of the Company $'000	Non-controlling interest (1) $'000	Total $'000
Group									
Balance at 1 July 2011	31,732	(795)	63	-	30,360	30,423	61,360	362	**61,722**
Total comprehensive loss for the financial year	-	-	(61)	-	(8,181)	(8,242)	(8,242)	-	**(8,242)**
Non-controlling interests relating to outstanding share-based payment transactions of a subsidiary	-	-	-	-	-	-	-	(23)	**(23)**
Share buyback held back in treasury	-	(8)	-	-	-	-	(8)	-	**(8)**
Dividends paid (Note 30)	-	-	-	-	(861)	(861)	(861)	-	**(861)**
Balance at 30 June 2012	31,732	(803)	2	-	21,318	21,320	52,249	339	**52,588**
Total comprehensive loss for the financial year	-	-	(36)	-	(3,784)	(3,820)	(3,820)	-	**(3,820)**
Non-controlling interests relating to outstanding share-based payment transactions of a subsidiary	-	-	-	-	-	-	-	(3)	**(3)**
Share buyback held back in treasury	-	(130)	-	-	-	-	(130)	-	**(130)**
Recognition of share-based payments	-	-	-	17	-	17	17	-	**17**
Balance at 30 June 2013	31,732	(933)	(34)	17	17,534	17,517	48,316	336	**48,652**

(1) Represents share option reserve of a subsidiary.

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2013

	Share capital $'000	Treasury shares $'000	Share option reserves $'000	Retained profits $'000	Total reserves $'000	Total $'000
Company						
Balance at 1 July 2011	31,732	(795)	-	32,492	32,492	**63,429**
Repurchase of shares	-	(8)	-	-	-	**(8)**
Total comprehensive loss for the financial year	-	-	-	(5,733)	(5,733)	**(5,733)**
Dividends paid (Note 30)	-	-	-	(861)	(861)	**(861)**
Balance at 30 June 2012	31,732	(803)	-	25,898	25,898	**56,827**
Repurchase of shares	-	(130)	-	-	-	**(130)**
Total comprehensive loss for the financial year	-	-	-	(13,246)	(13,246)	**(13,246)**
Recognition of share-based payments	-	-	17	-	17	**17**
Balance at 30 June 2013	31,732	(933)	17	12,652	12,669	**43,468**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2013

	Group	
	2013	**2012**
	$'000	**$'000**
Operating activities		
Loss before income tax	(4,673)	(8,479)
Adjustments for:		
(Reversal of) Allowance for doubtful debts, net	(13)	27
Allowance for inventories obsolescence	122	418
Amortisation of other intangible assets	411	486
Depreciation of property, plant and equipment	1,657	1,892
(Gain) Loss on disposal of property, plant and equipment	(26)	9
Share-based payments expense (credit)	17	(23)
Interest expense	211	269
Interest income	(359)	(453)
Operating cash flows before movements in working capital	(2,653)	(5,854)
Trade receivables	(1,891)	765
Other receivables and prepayments	(7)	11
Financial assets, fair value through profit or loss	-	850
Inventories	(1,744)	1,621
Trade payables	395	15
Other payables	(934)	231
Cash used in operations	(6,834)	(2,361)
Income tax refund (paid)	16	(635)
Interest paid	(211)	(269)
Interest received	359	453
Net cash used in operating activities	(6,670)	(2,812)
Investing activities		
Additions to property, plant and equipment	(399)	(1,637)
Proceeds from maturity of held-to-maturity investments	1,055	4,055
Purchase of held-to-maturity investments	-	(3,115)
Proceeds from disposal of property, plant and equipment	45	68
Withdrawal from fixed deposits	12,000	3,000
Net cash from investing activities	12,701	2,371
Financing activities		
Dividends paid	-	(861)
Treasury shares buy back	(130)	(8)
Repayment of finance lease obligations	(51)	(56)
Proceeds from loans and borrowings	-	1,268
Repayment of bank loan	(5,690)	(806)
Net cash used in financing activities	(5,871)	(463)
Net increase (decrease) in cash and cash equivalents	160	(904)
Cash and cash equivalents at beginning of the financial year	18,592	19,522
Effects of exchange rate changes on the balance of cash held in foreign currencies	(16)	(26)
Cash and cash equivalents at end of the financial year (Note 8)	18,736	18,592

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 198105976H) 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. The financial statements are expressed in Singapore dollars, which is the functional currency of the Company and presentation currency for the consolidated financial statements.

The principal activities of the Company 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. The principal activities of its subsidiaries are set out in Note 13.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2013 were authorised for issue by the Board of Directors on 11 September 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

ADOPTION OF NEW AND REVISED STANDARDS - On 1 July 2012, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current and prior years.

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 107 *Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities*
- FRS 27 (Revised) *Separate Financial Statements*
- FRS 110 *Consolidated Financial Statements*
- FRS 112 *Disclosure of Interests in Other Entities*
- FRS 113 *Fair Value Measurement*

Consequential amendments were also made to various standards as a result of these new/revised standards.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 107 *Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities*

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to FRS 107 require entities to disclose information about rights of set-off and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to FRS 107 are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to FRS 32 are effective for annual periods beginning on or after 1 January 2014, with retrospective application required.

The management anticipates that the application of amendments to FRS 107 will result in more extensive disclosures on offsetting financial assets and financial liabilities. However, the management is still evaluating the impact of the amendments to FRS 32 on the financial assets and liabilities that have been set-off on the statement of financial position.

FRS 110 *Consolidated Financial Statements* and FRS 27 *Separate Financial Statements*

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation - Special Purpose Entities*.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after 1 January 2014, with full retrospective application subject to transitional provisions.

Management anticipates that the adoption of FRS 110 in future periods will not have a material impact on the Group's investments in the period of initial adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

FRS 112 will take effect from financial years beginning on or after 1 January 2014, and the Group is currently estimating extent of additional disclosures needed.

FRS 113 *Fair Value Measurement*

FRS 113 is a single new Standard that applies to both financial and non-financial items. It replaces the guidance on fair value measurement and related disclosures in other Standards, with the exception of measurement dealt with under FRS 102 *Share-based Payment*, FRS 17 *Leases*, net realisable value in FRS 2 *Inventories* and value-in-use in FRS 36 *Impairment of Assets*.

FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, but does not change the requirements in other Standards regarding which items should be measured or disclosed at fair value.

The disclosure requirements in FRS 113 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under FRS 107 *Financial Instruments: Disclosures* will be extended by FRS 113 to cover all assets and liabilities within its scope.

FRS 113 will be effective prospectively from annual periods beginning on or after 1 January 2013. Comparative information is not required for periods before initial application.

Management anticipates that the application of FRS 113 may affect certain amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

Management anticipates that the adoption of the other FRSs, INT FRSs and amendments to FRS that were issued at the date of authorisation of these financial statements but effective only in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement, or FRS 37 Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share- based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non- current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction cost.

Held-for-trading investments are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value are included in profit or loss for the period.

Bonds with fixed or determinable payments and fixed maturity dates where the Group has a positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For certain categories of financial assets such as receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables would include the Group's past experience of collecting payments, an increase in the number of delayed payments in portfolio past the average credit period, as well as observable changes in local or national economic conditions that come late with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's policy on borrowing costs (see below).

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Deferred consideration

Deferred consideration is measured and provided based on the best estimate of the consideration required to settle in future discounted to present value.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

INVENTORIES - Inventories are stated at the lower of cost (weighted-average method) and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives using the straight-line method on the following basis:

Building	-	60 years
Leasehold improvements	-	5 years
Plant and equipment	-	3 to 10 years
Computer software	-	3 years

Fully depreciated assets still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

OTHER INTANGIBLE ASSETS - Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired include developed technology, and trademarks and trade names. These intangible assets are amortised over their useful lives on a straight line method on the following basis:

Developed technology	-	4 to 6 years
Trademarks and trade names	-	14 years

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

<u>The Group as lessor</u>

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

<u>The Group as lessee</u>

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 23. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the Group's foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

<u>Sale of goods</u>

Revenue from the sale of manufactured products is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>Rendering of services</u>

Revenue from rendering of services is recognised upon completion of services.

<u>Interest income</u>

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

<u>Rental income</u>

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in the countries where the Company and its subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

Management is of the view that no critical judgement was made in the process of applying the Group's accounting policies that would have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was $691,000 (2012 : $696,000).

Impairment and amortisation of other intangible assets

Other intangible assets are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual values. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual value and the useful life of the other intangible assets and if the expectation differs from the original estimate, such difference may impact the amount amortised in the year the estimate is changed and the future period. The Group also reviews the carrying amount of recorded intangible assets annually to determine if there is any indication of impairment and if so, the extent of such impairment loss. The assessment of impairment loss includes the consideration of factors including market and economic environment in which the business operates, economic performance of the entities, projection of revenue from the types of products and the discount rates applied. The Group has assessed that there is no indication that the recorded intangible assets other than goodwill are impaired. The carrying amount of other intangible assets at the end of the reporting period was $1,846,000 (2012 : $2,282,000).

Valuation of inventories including 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 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.

The carrying amount of inventories of the Group and Company at the end of the reporting period amounted to $5,429,000 (2012 : $3,807,000) and $3,798,000 (2012 : $3,430,000), net of allowance amounted to $224,000 (2012 : $526,000) and $60,000 (2012 : $254,000) respectively.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(cont'd)*

Recoverability of loans to subsidiaries and impairment in investments in subsidiaries

As at 30 June 2013, the Company's loans to its subsidiaries amounted to Nil (2012 : $1,517,000), net of allowance for doubtful receivables of $9,752,000 (2012 : $3,103,000). Management has assessed the recoverability of loans to subsidiaries based on the financial capabilities of the subsidiaries to repay the loans.

Determining whether the investments in subsidiaries are impaired requires an estimation of the value- in-use of the subsidiaries. The value-in-use calculation requires the Company to estimate the future cash flows expected from the cash-generating units and appropriate discount rates in order to calculate the present value of such future cash flows. The carrying amount of the investments in subsidiaries at the end of the reporting period amounted to $108 (2012 : $1,294,000), net of allowance of $9,070,000 (2012 : $5,173,000).

Impairment and useful lives of property, plant and equipment

The Group assesses at the end of each reporting period whether property, plant and equipment have any indication of impairment. If there are indicators of impairment, the recoverable amount of property, plant and equipment will be determined based on higher of value-in-use calculations or the fair value less costs to sell.

A considerable amount of judgement is required in determining the recoverable amount of the property, plant and equipment, which among other factors, the recent transaction prices for similar assets, the condition, utility, age, wear and tear and/or obsolescence of the property, plant and equipment.

Management reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. During the financial year, management determined that there were no change to the useful lives and residual values of the property, plant and equipment. The carrying amount of property, plant and equipment at the end of the reporting period was $13,956,000 (2012 : $15,236,000).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at end of the reporting period.

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Financial assets				
Amortised cost				
Held-to-maturity financial assets	5,670	6,725	5,670	6,725
Loans and receivables (including cash and cash equivalents)	30,280	40,203	27,981	40,438
Financial liabilities				
Amortised cost				
Trade and other payables	6,404	6,943	4,875	5,768
Bank loans	2,832	8,555	2,832	3,444
Finance lease obligations	97	148	97	148

(b) Financial risk management policies and objectives

The Group's overall financial risk management strategy is to minimise potential adverse effects of financial performance of the Group. The board of directors review the overall financial risk management on specific areas, such as market risk (including foreign exchange risk, interest rate risk), credit risk, liquidity risk, use of derivative financial instruments and investing excess cash. These are reviewed quarterly by the board of directors. Risk management is carried out by the finance department under the oversight by the board of directors.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(cont'd)*

(b) Financial risk management policies and objectives *(cont'd)*

The Group may use a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward exchange contracts to hedge the exchange rate risks arising from trade receivables and trade payables, and firm commitments to buy or sell goods.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Credit risk management

The Group's principal financial assets are cash and bank balances, fixed and call deposits, trade and other receivables and held-to-maturity financial assets.

The Group places its cash and fixed and call deposits with creditworthy financial institutions and invests in bonds issued by reputable issuers of good ratings.

The Group is exposed to concentration of credit risk (i) given that its revenue is generated mainly from four (2012 : four) major customers, which accounted for 51.0% (2012 : 45.8%) of the carrying amount of trade receivables (ii) $5,670,000 (2012 : $6,725,000) is invested in the form of bonds by issuers, which accounted for 15.8% (2012 : 14.3%) of total financial assets. The Group believes that the risk of default is mitigated by the good financial standings of these customers as well as the issuers of the bonds.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables. Credit exposure is controlled by the customer credit limits that are reviewed and approved by the management regularly.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(ii) Interest rate risk management

The Group is exposed to interest rate risk as its interest-earning and interest-bearing financial assets and financial liabilities, other than held-to-maturity financial assets and finance leases, bear variable rates of interests. Details of the fixed deposits, held-to-maturity financial assets, bank borrowings and finance leases of the Group are disclosed in Notes 7, 12, 17 and 20 to the financial statements respectively. The Group does not use derivative financial instruments to mitigate this risk.

Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's loss before tax would increase/decrease by $14,000 (2012 : $43,000).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(cont'd)*

(b) Financial risk management policies and objectives *(cont'd)*

(iii) Foreign exchange risk management

The Group and Company have foreign exchange risk due to business transactions denominated in foreign currencies.

The largest currency exposure is United States Dollars.

The exposure to the foreign exchange risk is managed as far as possible by natural hedges of matching assets and liabilities.

The carrying amounts of monetary assets and monetary liabilities denominated in the United States Dollars, Singapore Dollars, Malaysian Ringgit and Euro at the reporting date are as follows:

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
United States Dollars	6,185	5,763	2,341	1,715	6,306	6,079	2,445	2,942
Malaysian Ringgit	20	13	22	-	20	13	22	-
Euro	-	-	22	-	-	-	22	-

Foreign currency sensitivity

For a 5% increase/decrease in Singapore dollar against United States Dollars, the Group's and the Company's loss before tax would increase/decrease by $192,000 and $193,000 (2012 : loss before tax would increase/decrease by $140,000 and $157,000) respectively. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

The foreign currency risks relating to Malaysian Ringgit and Euro are not significant and no foreign currency sensitivity analysis is prepared.

The Group has foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not hedge its investments that are denominated in foreign currencies.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(cont'd)*

(b) Financial risk management policies and objectives *(cont'd)*

(iv) Liquidity risk management

The Group has sufficient cash resources and maintains adequate lines of credit to finance its activities.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate per annum %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Group						
2013						
Non-interest bearing	-	6,404	-	-	-	**6,404**
Fixed interest rate	3.69	53	54	-	(10)	**97**
Variable interest rate	1.32	2,869	-	-	(37)	**2,832**
2012						
Non-interest bearing	-	6,326	617	-	-	**6,943**
Fixed interest rate	3.69	56	108	-	(16)	**148**
Variable interest rate	1.31	3,489	5,162	-	(96)	**8,555**
Company						
2013						
Non-interest bearing	-	4,875	-	-	-	**4,875**
Fixed interest rate	3.69	53	54	-	(10)	**97**
Variable interest rate	1.32	2,869	-	-	(37)	**2,832**
2012						
Non-interest bearing	-	5,768	-	-	-	**5,768**
Fixed interest rate	3.69	56	108	-	(16)	**148**
Variable interest rate	1.25	3,489	-	-	(45)	**3,444**

4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(cont'd)*

(b) Financial risk management policies and objectives *(cont'd)*

(iv) Liquidity risk management *(cont'd)*

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flows will occur in a different period.

	Weighted average effective interest rate per annum %	On demand or within 1 year $'000	Within 2 to 5 years $'000	Adjustment $'000	Total $'000
Group					
2013					
Non-interest bearing	-	13,280	-	-	**13,280**
Fixed interest rate instruments	1.16	20,682	2,109	(121)	**22,670**
2012					
Non-interest bearing	-	10,203	-	-	**10,203**
Fixed interest rate instruments	0.07	30,300	6,500	(75)	**36,725**
Company					
2013					
Non-interest bearing	-	10,981	-	-	**10,981**
Fixed interest rate instruments	1.16	20,682	2,109	(121)	**22,670**
2012					
Non-interest bearing	-	10,438	-	-	**10,438**
Fixed interest rate instruments	0.07	30,300	6,500	(75)	**36,725**

(v) Fair values of financial assets and financial liabilities

The carrying values of cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair values due to the relatively short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(cont'd)*

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 17 and 20, cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, reserves and retained earnings as presented in the Group's statement of changes in equity.

The Group reviews its capital structure periodically. It balances its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

The Company manages its capital to ensure that it will able to continue as a going concern, to maximise the return to stakeholders through the optimisation of the debt and equity balance, and to ensure that all externally imposed capital requirements are complied with.

The Company's management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The management also ensures that the Company maintains gearing ratios within a set range to comply with the loan covenants imposed by the bank.

The Group's overall strategy remains unchanged from prior year. The Group is in compliance with externally imposed capital requirements for the financial years ended 30 June 2013 and 2012.

5 RELATED PARTY TRANSACTIONS

Some of the transactions and arrangements of the Group are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. Unless otherwise stated, the balances are unsecured, interest-free and repayable on demand.

During the year, the Company paid fees to a legal firm for legal services rendered to the Group. The managing partner of that legal firm is a director of the Company.

	2013 $'000	2012 $'000
Legal fees paid to the legal firm	-	*

*** Less than a thousand.**

Compensation of directors (key management personnel)

The remuneration of directors (being members of key management) during the year is as follows:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Short-term benefits	1,032	886	1,032	729
Post-employment benefits	26	13	26	13
Share-based payments	4	-	4	-
	1,062	899	1,062	742

6 CASH AND BANK BALANCES

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cash at bank	4,735	3,586	4,245	3,151
Cash on hand	1	6	1	5
	4,736	3,592	4,246	3,156

Cash and bank balances comprise cash held by the Group and Company. The carrying amounts of these assets approximate their fair values.

The Group's and Company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
United States Dollars	651	1,735	651	1,735
Malaysian Ringgit	20	13	20	13

7 FIXED AND CALL DEPOSITS

The deposits bear effective interest in the range of 0.40% to 1.05% (2012 : 0.03% to 0.09%) per annum and mature within 2 to 11 months (2012 : 2 to 11 months).

Included in the fixed and call deposits are $14,000,000 (2012 : $16,000,000) with maturity of less than 3 months (Note 8), of which Nil (2012 : $1,000,000) is pledged to a financial institution for a bank loan (Note 17).

Included in the fixed and call deposits are $3,000,000 (2012 : $14,000,000) with maturity of more than 3 months, of which Nil (2012 : $5,000,000) is pledged to a financial institution for a bank loan (Note 17).

8 CASH AND CASH EQUIVALENTS

	Group	
	2013 $'000	2012 $'000
Cash and bank balances (Note 6)	4,736	3,592
Fixed and call deposits that are readily convertible to a known amount of cash (Note 7)	14,000	15,000
Cash and cash equivalents at end of year	18,736	18,592

9 TRADE RECEIVABLES

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Outside parties	8,136	6,252	6,422	5,417
Less: Allowance for doubtful debts	(14)	(34)	-	(7)
	8,122	6,218	6,422	5,410
Subsidiaries (Note 13)	-	-	1,070	1,208
Less: Allowance for doubtful debts	-	-	(1,070)	(1,168)
	8,122	6,218	6,422	5,450

The average credit period on sale of goods is 60 days (2012 : 60 days). No interest is charged on the trade receivables.

An allowance has been made for estimated irrecoverable amounts from the sale of goods to third parties of $14,000 (2012 : $34,000) at the end of the reporting period. This allowance has been determined by reference to past default experience. Full allowance has been made for the trade receivables of $1,070,000 (2012 : $1,168,000) due from subsidiaries as the subsidiaries are deemed to have no ability to repay the outstanding debts in view of their net capital deficiency and loss making positions.

Before accepting any new customers, the Group performs appropriate background checks to assess the potential customer's credit quality and defines credit limits by customers. The trade receivables that are neither past due nor impaired belong to customers who have been making regular payments to the Group and have the best credit quality. Of the trade receivables balance at the end of the reporting period, $4,145,000 (2012 : $2,849,000) is due from four major customers.

Included in the Group's and Company's trade receivables balance are debtors with a carrying amount of $1,875,000 and $1,506,000 (2012 : $1,457,000 and $1,082,000) respectively, which are past due at the reporting date for which the Group and Company have not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. Subsequent to the end of the reporting period, $1,208,000 (2012 : $1,257,000) of the amount past due but not impaired has been collected. The Group does not hold any collateral over these balances.

The table below is an analysis of trade receivables as at 30 June 2013:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Not past due and not impaired	6,247	4,761	4,916	4,368
Past due but not impaired (i)	1,875	1,457	1,506	1,082
Impaired receivables - individually assessed				
- Customer placed under liquidation	-	7	-	7
- No response to repayment demands	14	27	-	-
- Subsidiaries with no ability to repay	-	-	1,070	1,168
Less: Allowance for doubtful debts	(14)	(34)	(1,070)	(1,175)
Total trade receivables, net	8,122	6,218	6,422	5,450

9 TRADE RECEIVABLES *(cont'd)*

(i) Aging of receivables that are past due but not impaired:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
< 6 months	1,863	1,335	1,494	960
6 months to 9 months	7	115	7	115
9 months to 12 months	-	-	-	-
> 12 months (ii)	5	7	5	7
	1,875	1,457	1,506	1,082

(ii) These receivables relate to receivables from long standing customers with no clear indicators of past credit default experience.

Movement in the allowance for doubtful debts:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Balance at beginning of the year	34	7	1,175	7
Amounts written off during the year	(7)	-	(7)	-
(Decrease) Increase in allowance recognised in profit or loss	(13)	27	(98)	1,168
Balance at end of the year	14	34	1,070	1,175

The Group's and Company's trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
United States Dollars	5,534	4,028	5,655	4,068

10 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Deposits	107	79	6	3
Prepaid expenses	113	135	75	102
Loans to subsidiaries	-	-	9,752	4,620
Others	315	314	307	312
Less: Allowance for doubtful debts from subsidiaries	-	-	(9,752)	(3,103)
	535	528	388	1,934

Loans to subsidiaries are unsecured, bear interest rates at 5% (2012 : 4.5% to 7.0%) per annum and are expected to be repaid within the next 12 months. The fair value of the loan approximates its carrying amount.

10 OTHER RECEIVABLES AND PREPAYMENTS *(cont'd)*

Full allowance has been made for the loans due from subsidiaries as the subsidiaries are deemed to have no ability to repay the outstanding debts in view of their net capital deficiency and loss making positions.

Movement in the allowance for doubtful debts:

	Company	
	2013	2012
	$'000	$'000
Balance at beginning of the year	3,103	-
Increase in allowance recognised in profit or loss	6,649	3,103
Balance at end of the year	9,752	3,103

The Group's and Company's other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
United States Dollars	-	-	-	276

11 INVENTORIES

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Finished goods	453	-	-	-
Work-in-process	1,080	623	951	351
Raw materials	3,896	3,184	2,847	3,079
	5,429	3,807	3,798	3,430

The costs of inventories recognised as an expense includes $122,000 and $34,000 (2012 : $418,000 and $346,000) in respect of write-downs of inventory to net realisable value for the Group and Company respectively.

12 HELD-TO-MATURITY FINANCIAL ASSETS

	Group and Company	
	2013	2012
	$'000	$'000
Bonds, at amortised cost:		
Current [(a)]	3,612	-
Non-current [(b)]	2,058	6,725

(a) As at 30 June 2013, the bonds have nominal value amounting to $3,500,000, with coupon rates ranging from 1.00% to 3.36% per annum and maturity dates ranging from 2 July 2013 to 27 September 2013.

The bonds have fair values amounting to $3,734,000. The fair value of the bonds was based on the quoted prices in active markets.

(b) As at 30 June 2013, the bond has nominal value amounting to $2,000,000 (2012 : $6,500,000), with coupon rate at 3.88% per annum (2012 : ranging from 1.00% to 3.88% per annum) and maturity date on 8 October 2014 (2012 : ranging from 2 July 2013 to 8 October 2014).

The bond has fair value amounting to $2,041,000 (2012 : $6,785,000). The fair value of the bond was based on the quoted prices in active markets.

13 SUBSIDIARIES

	Company	
	2013	2012
	$'000	$'000
Unquoted equity shares, at cost	9,070	6,467
Less: Impairment	(9,070)	(5,173)
	-	1,294

Management carried out a review of the recoverable amounts of the investments in subsidiaries in the United States of America at the end of the reporting period. An impairment loss of $3,897,000 (2012 : $1,505,000) was made during the year for the equity investment in the subsidiaries in consideration of the Company's ability to recover its capital investment in the subsidiaries. The capital investment has been fully impaired taking into consideration the recoverable amount of the subsidiaries based on estimated value-in-use.

The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the subsidiaries. The Group prepares its cash flow forecasts based on the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the remaining years based on estimated long-term revenue growth rate of 3% (2012 : ranging from 3% to 12%). The rate used to discount the forecasted cash flows is 21% (2012 : 21%).

Details of the company's subsidiaries at the end of the reporting periods are as follows:

Name of subsidiary	Country of incorporation	Proportion of ownership interest and voting power held		Principal activity
		2013	2012	
		%	%	
Avi-Tech Electronics (Suzhou) Co., Ltd [1]	People's Republic of China ("China")	-	100	Liquidated in 2013
Avi-Tech Esave Pte Ltd [1]	Singapore	-	100	Strike-off in 2013
Avi-Tech, Inc. [2]	United States of America ("USA")	100	100	Marketing and selling burn-in Boards.
Verde Designs, Inc. [3]	United States of America ("USA")	100	100	Providing Light Emitting Diode ("LED") and high brightness LED lighting products and systems.
Aplegen, Inc. [4]	United States of America ("USA")	100	100	Providing high quality charged coupled device or CCD cameras and instrumentation, and innovative imaging systems.

(1) No material impact on the financial statements of the Group during the year.

(2) Not required to be audited by law in its country of incorporation.

(3) Audited by CliftonLarsonAllen LLP in the United States of America for group consolidation purpose.

(4) Audited by SingerLewak LLP in the United States of America for group consolidation purpose.

14 PROPERTY, PLANT AND EQUIPMENT

	Building and leasehold improvements $'000	Plant and equipment $'000	Computer software $'000	Total $'000
Group				
Cost:				
At 1 July 2011	14,583	31,791	391	**46,765**
Additions	-	1,628	9	**1,637**
Disposals	-	(2,883)	(6)	**(2,889)**
Exchange differences	-	37	1	**38**
At 30 June 2012	14,583	30,573	395	**45,551**
Additions	-	364	35	**399**
Disposals	-	(6,485)	(7)	**(6,492)**
Exchange differences	-	(38)	-	**(38)**
At 30 June 2013	14,583	24,414	423	**39,420**
Accumulated depreciation:				
At 1 July 2011	3,147	27,128	333	**30,608**
Depreciation for the year	243	1,606	43	**1,892**
Disposals	-	(2,812)	-	**(2,812)**
Exchange differences	-	(6)	-	**(6)**
At 30 June 2012	3,390	25,916	376	**29,682**
Depreciation for the year	243	1,373	41	**1,657**
Disposals	-	(6,480)	(7)	**(6,487)**
Exchange differences	-	(15)	(6)	**(21)**
At 30 June 2013	3,633	20,794	404	**24,831**
Impairment:				
Impairment loss as at 1 July 2011, 30 June 2012 and 2013	-	633	-	**633**
Carrying amount:				
At 30 June 2012	11,193	4,024	19	**15,236**
At 30 June 2013	10,950	2,987	19	**13,956**

14 PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

	Building and leasehold improvements $'000	Plant and equipment $'000	Computer software $'000	Total $'000
Company				
Cost:				
At 1 July 2011	14,583	30,730	361	**45,674**
Additions	-	1,483	-	**1,483**
Disposals	-	(1,591)	-	**(1,591)**
At 30 June 2012	14,583	30,622	361	**45,566**
Additions	-	206	30	**236**
Disposals	-	(6,463)	-	**(6,463)**
At 30 June 2013	14,583	24,365	391	**39,339**
Accumulated depreciation:				
At 1 July 2011	3,147	26,413	327	**29,887**
Depreciation for the year	243	1,321	25	**1,589**
Disposals	-	(1,591)	-	**(1,591)**
At 30 June 2012	3,390	26,143	352	**29,885**
Depreciation for the year	243	1,246	32	**1,521**
Disposals	-	(6,448)	-	**(6,448)**
At 30 June 2013	3,633	20,941	384	**24,958**
Impairment:				
Impairment loss as at 1 July 2011, 30 June 2012 and 2013	-	633	-	**633**
Carrying amount:				
At 30 June 2012	11,193	3,846	9	**15,048**
At 30 June 2013	10,950	2,791	7	**13,748**

The Group and the Company have certain plant and equipment with carrying amount of $133,000 (2012 : $205,000) under finance lease agreements (Note 20).

The Group and the Company's building and leasehold improvements are mortgaged as security for a bank loan (Note 17).

15 GOODWILL

Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	Group	
	2013 $'000	2012 $'000
Arising on acquisition of subsidiaries:		
Aplegen, Inc.	782	782
Verde Designs, Inc.	-	148
Reclassified as other intangible assets (Note 16)	-	(148)
Exchange difference	(91)	(86)
	691	696

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

The Group prepares its cash flow forecasts based on the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the remaining years based on estimated long-term revenue growth rate of 3% (2012 : 3%). The rate used to discount the forecasted cash flows is 21% (2012 : 21%).

As at 30 June 2013, management is of the view that there is no reasonable possible change that would cause the carrying amount of goodwill to exceed the recoverable amount.

16 OTHER INTANGIBLE ASSETS

	Developed technology $'000	Trademarks and trade names $'000	Others $'000	Total $'000
<u>Group</u>				
Cost:				
At 1 July 2011	1,819	829	53	**2,701**
Reclassified from goodwill	-	-	148	**148**
Exchange differences	64	29	(1)	**92**
At 30 June 2012	1,883	858	200	**2,941**
Exchange differences	(12)	(5)	(1)	**(18)**
At 30 June 2013	1,871	853	199	**2,923**

16 OTHER INTANGIBLE ASSETS *(cont'd)*

	Developed technology $'000	Trademarks and trade names $'000	Others $'000	Total $'000
Group				
Amortisation:				
At 1 July 2011	144	28	2	**174**
Amortisation for the year	309	60	117	**486**
Exchange differences	(4)	(1)	4	**(1)**
At 30 June 2012	449	87	123	**659**
Amortisation for the year	304	59	48	**411**
Exchange differences	1	1	5	**7**
At 30 June 2013	754	147	176	**1,077**
Carrying amount:				
At 30 June 2012	1,434	771	77	**2,282**
At 30 June 2013	1,117	706	23	**1,846**

The other intangible assets representing mainly developed technology, and trademarks and trade names acquired on acquisition of assets and liabilities relating to the business of a subsidiary have finite useful lives, over which the assets are amortised.

Developed technology, trademarks and trade names are amortised over their estimated useful lives on a straight line basis of 6 years, 14 years and 14 years respectively. The amortisation expenses have been included in the line item "administrative expenses" in profit or loss.

17 BANK LOANS

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Current	2,832	3,444	2,832	3,444
Non-current	-	5,111	-	-
	2,832	8,555	2,832	3,444

Details of bank loans:

(a) A bank loan of $2,832,000 (2012 : $3,444,000) which bears an effective interest rate of 1.32% (2012 : 1.25%) per annum, is secured by a legal mortgage on the Company's building (Note 14) and is repayable by equal quarterly instalments of $153,000 with maturity date on 1 November 2018. This principal amount which is repayable after one year is classified as current liabilities as the loan agreement contains a repayable on demand clause.

(b) As at 30 June 2012, a line of credit from a bank of $5,111,000 bore an effective interest rate of 1.34%, and was secured by a lien over deposits of the Company amounting to $6,000,000 and financial guarantee provided by the Company. The loan was repaid during the year.

The carrying value of the bank loans approximates the fair value as the loans bear variable rates of interests determined based on a margin over the bank's swap rate.

18 TRADE PAYABLES

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Outside parties	3,702	3,307	3,087	2,584
Subsidiaries (Note 13)	-	-	94	1,204
	3,702	3,307	3,181	3,788

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period on purchases of goods is 45 days (2012 : 45 days). No interest is payable on the trade payables.

The Group's and Company's trade payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
United States Dollars	2,341	1,715	2,445	2,942
Euro	22	-	22	-
Malaysia Ringgit	22	-	22	-

19 OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Current:				
Deposits received	119	47	119	47
Accrued expenses	1,727	2,001	1,385	1,496
Accrued directors' fees and accrued bonus to directors	188	223	188	223
Deferred consideration (i)	599	523	-	-
Financial guarantee to subsidiary	-	-	-	179
Others	69	225	2	35
	2,702	3,019	1,694	1,980
Non-Current:				
Deferred consideration (i)	-	617	-	-

(i) This pertains to consideration payable for the acquisition of business through a subsidiary, Aplegen, Inc. in 2011. The amount includes future instalment payment of $530,000 and contingent consideration arrangement of an additional 3% of the net revenue received by Aplegen, Inc. from the sale of cameras to customers during the first full thirty-six months after the closing date of the acquisition. As at 30 June 2013, the fair value of contingent consideration is estimated to approximate $295,000 (2012 : $610,000). Changes in the fair value of contingent consideration are recognised in profit or loss during the year.

20 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Group and Company				
Amounts payable under finance leases:				
Within one year	53	56	50	50
In the second to fifth year inclusive	54	108	47	98
	107	164	97	148
Less: Future finance charges	(10)	(16)	NA	NA
Present value of lease obligations	97	148	97	148

The effective rates of interest for finance leases are from 3.63% to 3.79% (2012 : 3.63% to 3.79%) per annum. The fair value of the Group's and Company's lease obligations approximates their carrying amount. The Group and Company's obligations under finance leases are secured by the lessors' title to the leased assets.

21 DEFERRED TAX LIABILITIES

The deferred tax liability relates to excess of tax over book depreciation of property, plant and equipment. The movements thereon, during the current and prior reporting periods are as follow:

	Group and Company	
	2013	2012
	$'000	$'000
Balance at beginning of the year	850	992
(Credited) Charged to profit or loss (Note 27)	(391)	46
Over provision in respect of prior year (Note 27)	(459)	(188)
Balance at end of the year	-	850

22 SHARE CAPITAL

	Group and Company			
	2013	2012	2013	2012
	'000	'000	$'000	$'000
	Number of ordinary shares			
Issued and paid up:				
At the beginning and end of year	350,400	350,400	31,732	31,732

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

22 SHARE CAPITAL *(cont'd)*

TREASURY SHARES

This pertains to ordinary shares of the Company bought back by the Company. The total amounts paid to acquire the shares were deducted from shareholders' equity. These shares repurchased are held as treasury shares which have no rights to dividends.

	Group and Company			
	2013	2012	2013	2012
	'000	'000	$'000	$'000
	Number of ordinary shares			
At beginning of the year	6,242	6,160	803	795
Repurchased during the year	1,736	82	130	8
At end of the year	7,978	6,242	933	803

23 SHARE-BASED PAYMENTS

Avi-Tech Employee Share Option Scheme (the "Scheme")

The scheme is administered by the Remuneration Committee of the Company. Options are exercisable at a price based on the average of the last dealt prices of the Shares on the Singapore Exchange Securities Trading Limited over the five consecutive trading days immediately preceding the date of grant. The vesting period is 2 years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited when the employee leaves the Company before the options vest.

Details of the share options outstanding during the year are as follows:

	2013	
	Number of share options '000	Weighted average exercise price S$
Outstanding at the beginning of year	-	-
Granted during the year	940	0.06
Forfeited/cancelled during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year	940	0.06
Exercisable at the end of the year	-	n.a.

The options outstanding at the end of the year have a weighted average remaining contractual life of 9 years.

The Group and the Company recognised total expenses of $17,000 relating to equity-settled share-based payment transactions during the year.

Aplegen Employee Share Option Scheme (the "Aplegen Scheme")

The scheme is administered by a committee of the Company. Options are exercisable at a price of US$1.00 per share. The share options shall vest and be exercisable depending on the achievement of pre-determined targets over an annual performance period for financial years 2012 to 2015. The vesting tranche will lapse and become null and void if the pre-determined targets are not achieved by the relevant conditions closing date and have an exercisable period of 36 months from the relevant conditions closing date. The options expire on 10 February 2022.

23 SHARE-BASED PAYMENTS *(cont'd)*

Details of the share options outstanding during the year are as follows:

	2013		2012	
	Number of share options '000	**Weighted average exercise price US$**	**Number of share options '000**	**Weighted average exercise price US$**
Outstanding at the beginning of year	980	1.00	980	1.00
Granted during the year	-	-	-	
Forfeited/cancelled during the year		(381)	1.00	-
-				
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	599	1.00	980	1.00
Exercisable at the end of the year	410	n.a.	410	n.a.

The options outstanding at the end of the year have a weighted average remaining contractual life of 7.56 years (2012 : 8.56 years).

During the year ended 30 June 2012, the Group recorded a reversal of $23,000 for options cancelled.

Verde Designs, Inc restricted stocks (the "Restricted stocks")

On 24 December 2010, the Company entered into an agreement to award a director of a subsidiary, 980,000 ordinary shares of Verde Designs, Inc ("restricted stocks") that shall vest and be exercisable depending on the achievement of pre-determined targets over an annual performance period for calendar years 2011 to 2013. The Restricted stocks will not be awarded if the pre-determined targets are not achieved by the relevant conditions closing date.

No fair value was recorded at grant date as management is of the view that the pre-determined targets are unlikely to be achieved over the performance period.

24 REVENUE

	Group	
	2013 $'000	**2012 $'000**
Sale of goods	26,805	22,178
Rendering of services	5,059	10,629
	31,864	32,807

25 OTHER OPERATING INCOME

	Group	
	2013 $'000	**2012 $'000**
Gain on disposal of plant and equipment	26	-
Interest income	359	453
Rental income	536	370
Others	220	140
	1,141	963

26 FINANCE COSTS

	Group	
	2013	2012
	$'000	$'000
Interest expense to non-related companies:		
Bank loan	207	265
Finance leases	4	4
	211	269

27 INCOME TAX BENEFIT

	Group	
	2013	2012
	$'000	$'000
Current income tax		
- Over provision in respect of prior years	(39)	(156)
Deferred tax		
- Current	(391)	46
- Over provision in respect of prior years	(459)	(188)
	(889)	(298)

The income tax expense varied from the amount of income determined by applying the Singapore income tax rate of 17% (2012 : 17%) to loss before income tax as a result of the following differences:

	Group	
	2013	2012
	$'000	$'000
Loss before tax	(4,673)	(8,479)
Tax at the domestic income tax rate of 17% (2012 : 17%)	(794)	(1,441)
Tax effect of:		
Income not taxable in determining taxable profit	(312)	(128)
Over provision of current tax and deferred tax in respect of prior years	(498)	(344)
Differential in tax rates of subsidiaries operating in other countries	(843)	-
Deferred tax assets not recognised arising from unutilised tax losses carryforward	1,558	1,615
	(889)	(298)

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of $13,013,000 (2012 : $8,430,000) from the US subsidiaries available for offset against future taxable income. No deferred tax asset has been recognised in respect of such losses, due to the unpredictability of future profit streams.

The unutilised tax losses for the US subsidiaries in connection with US federal and state taxes of $13,013,000 and $12,778,000 (2012 : $8,430,000 and $8,268,000) respectively begin to expire in various amounts starting in 2031 and 2018 respectively.

27 INCOME TAX BENEFIT *(cont'd)*

Unutilised tax losses carry forward available for offsetting against future taxable income as follows:

	Group	
	2013 $'000	2012 $'000
Amount at beginning of year	8,430	3,681
Arising during the year	4,583	4,749
Amount at end of year	13,013	8,430
Deferred tax benefit not recorded at the respective countries tax rate	4,424	2,866

28 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	Group	
	2013 $'000	2012 $'000
Employee benefits expense (including directors' remuneration)	11,769	13,206
Costs of defined contribution plans (included in employee benefits expense)	843	939
Director's remuneration	592	749
Directors' fees	150	150
Depreciation of property, plant and equipment	1,657	1,892
Amortisation of other intangible assets	411	486
(Gain) Loss on disposal of property, plant and equipment	(26)	9
(Reversal of) Allowance for doubtful debts	(13)	27
Allowance for inventories obsolescence	122	418
Foreign currency exchange gain- net	(228)	(138)
Share-based payments	17	(23)
Government grants	(5)	(2)
Audit fees:		
Auditors of the Company	118	118
Other auditors	87	57
Non-audit fees:		
Auditors of the Company	10	10
Cost of inventories recognised as expense	18,429	18,162

29 LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to equity holders of the Company is based on the following data:

	Group	
	2013 $'000	2012 $'000
Loss for the purposes of basic and diluted loss per share [loss for the year attributable to equity holders of the Company]	(3,784)	(8,181)
Weighted average number of ordinary shares for the purposes of basic loss per share ('000)	342,711	344,192
Weighted average number of ordinary shares for the purposes of diluted loss per share ('000)	343,629	344,192
Loss per share (cents)		
- Basic	(1.10)	(2.38)
- Diluted	(1.10)	(2.38)

The options of a subsidiary are considered anti-dilutive and ignored in the computation of diluted loss per share.

30 DIVIDENDS

Dividends declared and paid:

	Group and Company	
	2013 $'000	2012 $'000
Final one-tier tax exempt dividend of Nil (2012 : $0.0025) per ordinary share of the Company in respect of the previous financial year	-	861

31 OPERATING LEASE ARRANGEMENTS

(a) The Group and Company as lessee

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Minimum lease payments under operating leases recognised as an expense in the year	663	387	211	174

At the end of the reporting period, the commitments in respect of operating leases fall due as follows:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Within one year	438	635	223	175
In the second to fifth year inclusive	829	806	750	700
After five years	5,017	4,931	5,017	4,931
Total	6,284	6,372	5,990	5,806

Operating lease payments represents rental payable by the Group and Company for its offices and warehouse premise, office equipment and staff accommodations.

Land rentals for the building of $183,000 (2012 : $166,000) per annum are subject to annual revision.

31 OPERATING LEASE ARRANGEMENTS *(cont'd)*

(b) The Group and Company as lessor

	Group and Company	
	2013	2012
	$'000	$'000
Rental income under operating leases	536	370

At the end of the reporting period, the Group and Company has contracted with customers for the following future minimum lease payments:

	Group and Company	
	2013	2012
	$'000	$'000
Within one year	381	379
In the second to fifth year inclusive	402	62

Operating lease income represents rental income from rental of part of the Company's premise.

32 SEGMENT INFORMATION

The Group is primarily engaged in four main operating divisions namely, burn-in services, burn-in boards and boards manufacturing, engineering services and equipment distribution and imaging equipment and energy efficient products. Management monitors performance by the four main operating divisions and the division results are provided to the chief operating decision maker.

Principal activities of each reportable segment are as follows:

Burn-in and Related Services (Burn-in services)

Burn-in is a process whereby the individual integrated circuit ("IC") chips is stressed at high temperature to weed out any defects caused during the assembly process.

Burn-In Boards and Boards Related Products (Manufacturing)

Manufacturing comprises the design and assembly of printed circuit boards used for burn-in and reliability testing of IC chips.

Engineering Services and Equipment Distribution (Engineering)

This includes system integration projects, equipment manufacturing, provision of technical services and distribution of third party products.

32 SEGMENT INFORMATION *(cont'd)*

Imaging equipment and energy efficient products (Imaging)

Imaging comprises of the businesses in life sciences systems and instrument industry, and energy efficient products-focused in the area of Light Emitting Diode and high brightness lighting products and systems.

(a) Segment revenue and expenses

Segment revenue and expenses are revenue and expenses reported in the consolidated financial statements that either are directly attributable to a segment or can be allocated on a reasonable basis to a segment.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs, rental income, interest revenue and interest expense, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

Segment assets are all operating assets that are employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment liabilities are all operating liabilities that are employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the assets attributable to each segment.

All assets are allocated to reportable segments other than financial assets of cash, fixed and cash deposits, and investments. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

32 SEGMENT INFORMATION *(cont'd)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Burn-in Services		Manufacturing		Engineering		Imaging		Eliminations		Total	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Revenue												
External revenue	5,056	8,622	9,587	9,777	8,908	8,410	8,313	5,998	-	-	**31,864**	**32,807**
Inter-segment revenue	-	-	227	-	1,573	-	9	-	(1,809)	-	**-**	**-**
Total revenue	5,056	8,622	9,814	9,777	10,481	8,410	8,322	5,998	(1,809)	-	**31,864**	**32,807**
Segment results	(1,178)	1,019	239	(304)	(1,359)	(2,116)	(3,063)	(7,559)	-	-	**(5,361)**	**(8,960)**
Interest expense											**(211)**	**(269)**
Interest income											**359**	**453**
Rental income											**536**	**370**
Unallocated income											**23**	**31**
Unallocated expense											**(19)**	**(104)**
Loss before income tax											**(4,673)**	**(8,479)**
Income tax benefit											**889**	**298**
Loss for the year											**(3,784)**	**(8,181)**

Assets and liabilities and other segment information

	Burn-in Services		Manufacturing		Engineering		Imaging		Total	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Segment assets										
Segment assets	8,186	10,883	8,104	5,923	7,850	7,403	6,627	4,691	**30,767**	**28,900**
Unallocated corporate assets									**27,218**	**40,184**
Total assets									**57,985**	**69,084**
Segment liabilities										
Segment liabilities	854	922	1,905	1,366	1,617	1,768	1,619	7,469	**5,995**	**11,525**
Unallocated corporate liabilities									**3,338**	**4,971**
Total liabilities									**9,333**	**16,496**
Other information										
Additions to non-current assets	45	940	90	494	101	68	163	135	**399**	**1,637**
Depreciation										
Allocated	1,068	1,308	275	237	178	209	136	138	**1,657**	**1,892**
Amortisation of intangible assets										
Allocated	-	-	-	-	-	-	411	486	**411**	**486**

32 SEGMENT INFORMATION *(cont'd)*

Geographical segments

The Group operates in three principal geographical areas namely, Singapore, Malaysia and USA.

The revenue by geographical segments are based on location of customers. Segment assets (non- current assets excluding financial assets) are based on the geographical location of the assets and capital expenditure.

	2013 $'000	2012 $'000
Revenue from external customers		
Singapore	13,868	17,607
Malaysia	2,718	2,985
USA	10,817	9,319
Others [(1)]	4,461	2,896
	31,864	32,807

[(1)] Includes Germany, Philippines, Thailand, Taiwan and China.

	2013 $'000	2012 $'000
Carrying amount of non-current assets		
Singapore	15,806	21,762
USA	2,745	3,177
	18,551	24,939

Information about major customers

Included in revenues of $31,864,000 (2012 : $32,807,000) are revenues of approximately $6,441,000 (2012 : $8,747,000) which arose from sales to the Group's largest customer. This accounts for about 20% (2012 : 27%) of the Group's revenue.

STATISTICS OF SHAREHOLDINGS

As at 23 September 2013

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings		No. of Shareholders	%	No. of Shares	%
1	- 999	9	0.70	2,657	0.00
1,000	- 10,000	476	37.19	2,438,488	0.71
10,001	- 1,000,000	749	58.52	80,968,137	23.65
1,000,001	and above	46	3.59	259,012,814	75.64
Total:		1,280	100.00	342,422,096	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Lim Eng Hong	80,638,350	23.55
2.	Loh Zee Lan Nancy	20,590,000	6.01
3.	Evia Growth Opportunities Ltd	12,102,234	3.53
4.	Providence Investments Pte Ltd	8,165,000	2.38
5.	Fong Ching Loon	7,200,000	2.10
6.	Soesanto Leo	7,197,000	2.10
7.	United Overseas Bank Nominees Pte Ltd	6,856,000	2.00
8.	Estate of Ng Yong Hock, Deceased	6,828,000	1.99
9.	Tsia Hah Tong	6,806,500	1.99
10.	Dou Yee International Pte Ltd	5,681,000	1.66
11.	Lim Wei Ling Elaine	5,680,000	1.66
12.	Amfraser Securities Pte. Ltd.	5,450,000	1.59
13.	Lim Ai Keng	5,217,000	1.52
14.	Eu It Hai	5,186,000	1.51
15.	Chew Lian Kwei	4,626,000	1.35
16.	Lim Chye Huat @ Bobby Lim Chye Huat	4,600,000	1.34
17.	DBS Nominees Pte Ltd	4,493,969	1.31
18.	HSBC (Singapore) Nominees Pte Ltd	4,346,280	1.27
19.	Kwok Wai San	4,281,000	1.25
20.	Merrill Lynch (Singapore) Pte Ltd	4,033,865	1.18
Total:		209,978,198	61.29

STATISTICS OF SHAREHOLDINGS

As at 23 September 2013

SUBSTANTIAL SHAREHOLDINGS

Substantial Shareholdings	Direct Interest	%	Deemed Interest	%
Name				
Lim Eng Hong	80,638,350	23.55	26,390,000	7.71
Loh Zee Lan Nancy	20,590,000	6.01	-	-

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HAND

Approximately 66.86% of the Company's shares (excluding treasury shares) are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

TREASURY SHARES

Number of treasury shares: 7,978,000

Percentage of treasury shares held against total number of issued shares (excluding treasury shares): 2.33%

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Avi-Tech Electronics Limited (the "**Company**") will be held at 19A Serangoon North Avenue 5, 6th floor, Singapore 554859 on 28 October 2013 at 11.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 30 June 2013 together with the Auditors' Report thereon.

   (Resolution 1)

2. To re-elect Mr Goh Chung Meng who is retiring pursuant to Article 99 of the Company's Articles of Association. [See explanatory note (i)]

   (Resolution 2)

3. To re-elect Mr Khor Thiam Beng who, being over the age of 70 years, will cease to be a Director at the conclusion of this Annual General Meeting, and who, being eligible, offers himself for re-election pursuant to Section 153(6) of the Companies Act, Cap. 50 of Singapore (the "Companies Act") to hold office until the conclusion of the next Annual General Meeting of the Company. [See explanatory note (ii)]

   (Resolution 3)

4. To approve the payment of Directors' fees of S$135,000 for the year ended 30 June 2013. (FY2012 : S$150,000)

   (Resolution 4)

5. To re-appoint Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.

   (Resolution 5)

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

7. **Authority to allot and issue shares in the capital of the Company**

   That pursuant to Section 161 of the Companies Act and the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to allot and issue:-

   (a) shares; or

   (b) convertible securities; or

   (c) additional securities issued pursuant to Rule 829 of the Listing Manual (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the additional securities are issued); or

(d) shares arising from the conversion of the securities in (b) and (c) above (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the shares are to be issued), in the Company (whether by way of rights, bonus or otherwise) at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that:

(i) the aggregate number of shares and convertible securities to be allotted and issued pursuant to this Resolution must be not more than 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (calculated in accordance with (ii) below), of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must be not more than 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (calculated in accordance with (ii) below); and

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the number of shares and convertible securities that may be issued pursuant to (i) above, the percentage of issued shares shall be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of convertible securities; (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution; and (c) any subsequent consolidation or subdivision of shares.

Unless revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, this Resolution shall remain in force until the conclusion of the next Annual General Meeting of the Company ("**AGM**") or the date by which the next AGM is required by law to be held, whichever is earlier. [See Explanatory Note (iii)]

(Resolution 6)

8. **Authority to allot and issue shares pursuant to the exercise of options under the Avi-Tech Employee Share Option Scheme ("the Scheme")**

That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the Scheme; and pursuant to Section 161 of the Companies Act, to allot and issue from time to time such number of shares in the capital of the Company (the "**Scheme Shares**") as may be required to be issued pursuant to the exercise of the options that may be granted under the Scheme provided always that the number of the Scheme Shares available under the Scheme shall not exceed 15% of the issued share capital of the Company from time to time; the aggregate number of Scheme Shares available to Participants who are controlling shareholders of the Company and their associates shall not exceed 25% of the Scheme Shares available under the Scheme and the number of Scheme Shares available to each Participant who is a controlling shareholder of the Company or his associates shall not exceed 10% of the Scheme Shares available under the Scheme. [See Explanatory Note (iv)]

(Resolution 7)

By Order of the Board
Adrian Chan Pengee
Company Secretary

Singapore
11 October 2013

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Resolution 2 - Detailed information about Directors can be found in the Board of Directors sections of the Company's Annual Report, including their current directorships in other listed companies and other principal commitments held. Goh Chung Meng will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration and Nominating Committees and member of the Audit Committee, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual. Save as being an Independent Director of the Company, Mr Goh has no relationships including immediate family relationships with any of the Directors of the Company, the Company or its 10% shareholders.

(ii) Resolution 3 - Detailed information about Directors can be found in the Board of Directors sections of the Company's Annual Report, including their current directorships in other listed companies and other principal commitments held. Khor Thiam Beng will, upon re-election as a Director of the Company, remain as Chairman of the Board and member of the Audit, Remuneration and Nominating Committees, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual. Save as being an Independent Director of the Company, Mr Khor has no relationships including immediate family relationships with any of the Directors of the Company, the Company or its 10% shareholders.

(iii) Resolution 6 - If passed, will empower the Directors from the date of the above Meeting until the date of the next AGM, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty per centum (50%) of the total number of issued shares in the capital of the Company (excluding treasury shares), of which up to twenty per centum (20%) may be issued other than on a pro rata basis.

(iv) Resolution 7 - If passed, will empower the Directors of the Company, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued shares in the capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

Notes:

1. With the exception of members holding shares through nominee companies, who may each appoint more than two proxies, a member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

2. The instrument appointing the proxy or proxies must be deposited at the Company's registered office at 19A Serangoon North Avenue 5, Singapore 554859, not less than 48 hours before the time appointed for the meeting.

3. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Common Seal or under the hand of its attorney or a duly authorised officer.

PROXY FORM

2013 ANNUAL GENERAL MEETING

AVI-TECH ELECTRONICS LIMITED

(Company Registration Number 198105976H)
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy shares in the capital of Avi-Tech Electronics Limited, this Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominee.

I/We, ____ (Name) of

____ (Address)

being a member/members of AVI-TECH ELECTRONICS LIMITED (the "Company") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 19A Serangoon North Avenue 5, 6th floor, Singapore 554859 on 28 October 2013 at 11.00 a.m. and at any adjournment thereof. The proxy is to vote on the business before the Meeting as indicated below. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting.

Please indicate your vote "For" or "Against" with an "X" within the box provided.

No.	Resolutions relating to:	For	Against
1.	Adoption of Directors' and Auditors' Reports and Audited Accounts		
2.	Re-election of Mr Goh Chung Meng as a Director		
3.	Re-election of Mr Khor Thiam Beng as a Director		
4.	Approval of Directors' Fees		
5.	Re-appointment of Messrs. Deloitte & Touche LLP as Auditors		
6.	General Mandate to Directors to issue Shares		
7.	Mandate to Directors to issue Scheme Shares		

Dated this ______________ day of ______________ 2013.

Total number of shares in	Number of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Member(s)/or
Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. With the exception of members holding shares through nominee companies, who may each appoint more than two proxies, a member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. The instrument appointing the proxy or proxies must be deposited at the Company's registered office at 19A Serangoon North Avenue 5, Singapore 554859, not less than 48 hours before the time appointed for the meeting.

4. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Common Seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his name in the Depository Register 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.