

AVI-TECH ELECTRONICS LIMITED
Company Registration No. 198105976

**UNAUDITED THIRD QUARTER AND 9 MONTHS FINANCIAL STATEMENTS FOR THE PERIOD
 ENDED MARCH 31, 2008**

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS

- 1(a) An income statement for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED PROFIT AND LOSS STATEMENT
 for the third quarter and nine months ended March 31, 2008**

S\$'000	Group					
	2008 3Q	2007 3Q	Change %	2008 9M	2007 9M	Change %
Revenue	17,455	18,068	(3.4)	61,072	55,153	10.7
Cost of sales	(12,216)	(10,879)	12.3	(42,580)	(35,412)	20.2
Gross profit	<u>5,239</u>	<u>7,189</u>	(27.1)	<u>18,492</u>	<u>19,741</u>	(6.3)
Other operating income	228	172	32.6	775	516	50.2
Distribution costs	(33)	(33)	-	(124)	(105)	18.1
Administrative expenses	(2,038)	(1,667)	22.3	(6,077)	(4,786)	27.0
Finance costs	(67)	(87)	(23.0)	(210)	(281)	(25.3)
Profit before income tax	<u>3,329</u>	<u>5,574</u>	(40.3)	<u>12,856</u>	<u>15,085</u>	(14.8)
Income tax expense	(697)	(989)	(29.5)	(2,553)	(2,891)	(11.7)
Profit for the year	<u><u>2,632</u></u>	<u><u>4,585</u></u>	(42.6)	<u><u>10,303</u></u>	<u><u>12,194</u></u>	(15.5)

Profit for the period is arrived at:-

Depreciation of property, plant and equipment	(584)	(519)	12.5	(1,689)	(1,515)	11.5
Foreign currency exchange adjustment loss	(290)	(101)	187.1	(921)	(415)	121.9
Interest income	184	63	192.1	571	273	109.2
Rental income	68	70	(2.9)	202	212	(4.7)

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

BALANCE SHEETS
as at March 31, 2008

	Group		Company	
	31.03.08 \$'000	30.06.2007 \$'000	31.03.08 \$'000	30.06.2007 \$'000
ASSETS				
Current assets				
Cash and bank balances	1,429	2,487	1,344	2,237
Fixed and call deposits	45,138	14,114	45,138	14,114
Trade receivables	15,273	14,861	15,273	14,861
Other receivables and prepaid expenses	65	744	42	714
Inventories	4,712	4,566	4,670	4,561
Held for trading investments	800	800	800	800
Total current assets	<u>67,417</u>	<u>37,572</u>	<u>67,267</u>	<u>37,287</u>
Non-current assets				
Subsidiary	-	-	2,536	792
Club membership	132	176	132	176
Property, plant and equipment	16,785	17,106	16,312	16,631
Total non-current assets	<u>16,917</u>	<u>17,282</u>	<u>18,980</u>	<u>17,599</u>
Total assets	<u><u>84,334</u></u>	<u><u>54,854</u></u>	<u><u>86,247</u></u>	<u><u>54,886</u></u>
LIABILITIES AND EQUITY				
Current liabilities				
Bank loan	612	612	612	612
Trade payables	4,234	6,878	4,234	6,878
Other payables	4,510	4,919	4,453	4,668
Current portion of finance leases	56	56	56	56
Income tax payable	2,754	3,295	2,754	3,295
Total current liabilities	<u>12,166</u>	<u>15,760</u>	<u>12,109</u>	<u>15,509</u>
Non-current liabilities				
Bank loan	6,170	6,629	6,170	6,629
Finance leases	111	153	111	153
Deferred tax liabilities	1,078	1,078	1,078	1,078
Total non-current liabilities	<u>7,359</u>	<u>7,860</u>	<u>7,359</u>	<u>7,860</u>
Capital and reserves				
Share capital	31,732	4,940	31,732	4,940
Reserves	33,077	26,294	35,047	26,577
	<u>64,809</u>	<u>31,234</u>	<u>66,779</u>	<u>31,517</u>
Total liabilities and equity	<u><u>84,334</u></u>	<u><u>54,854</u></u>	<u><u>86,247</u></u>	<u><u>54,886</u></u>

1(b)(ii) Aggregate amount of Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

March 31, 2008*		June 30, 2007	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
668	-	668	-

Amount repayable after one year

March 31, 2008*		June 30, 2007	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
6,281	-	6,782	-

* Unaudited

Details of any collateral

The building and leasehold improvements with carrying amount of \$12,173,000 (30.6.2007: \$12,614,000) and the Group's fixed deposits of \$485,000 (30.6.2007: \$1,343,000) are mortgaged and pledged as security for loans, credit facilities and other banking accommodation.

Certain plant and equipment with carrying amount of \$214,000 (30.6.2007: \$273,000) are secured by the lessors' titles to the leased assets.

- 1(c) A cash flow statement for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED CASH FLOW STATEMENT
for the third quarter and nine months ended March 31, 2008

	01.01.08 to 31.03.08 3Q 2008 \$'000	01.01.07 to 31.03.07 3Q 2007 \$'000	01.07.07 to 31.03.08 9M \$'000	01.07.06 to 31.03.07 9M \$'000
Operating activities				
Profit before income tax	3,329	5,574	12,856	15,085
Adjustments for:				
Depreciation of property, plant and equipment	584	519	1,689	1,515
Impairment loss on club membership	16	-	44	-
Interest expense	67	87	210	281
Interest income received	(184)	(63)	(571)	(273)
Operating cash flows before movements in working capital	<u>3,812</u>	<u>6,117</u>	<u>14,228</u>	<u>16,608</u>
Trade receivables	8,791	1,874	(412)	(3,613)
Other receivables and prepaid expenses	43	(215)	679	(437)
Inventories	1,122	466	(146)	(846)
Trade payables	(3,227)	(4,635)	(2,644)	44
Other payables	(218)	1,081	(409)	1,216
Cash generated from operations	<u>10,323</u>	<u>4,688</u>	<u>11,296</u>	<u>12,972</u>
Income tax paid	(1,150)	(1,158)	(3,094)	(1,969)
Interest paid	(67)	(87)	(210)	(281)
Interest income received	184	63	571	273
Net cash generated from operating activities	<u>9,290</u>	<u>3,506</u>	<u>8,563</u>	<u>10,995</u>
Investing activities				
Additions to plant and equipment	(277)	(284)	(1,368)	(1,212)
Net cash used in investing activities	<u>(277)</u>	<u>(284)</u>	<u>(1,368)</u>	<u>(1,212)</u>
Financing activities				
Dividend paid	-	(3,696)	(3,504)	(7,392)
Proceeds from issue of shares	-	-	26,792	23
Repayment of finance leases	(14)	(72)	(42)	50
Repayment of bank loan	(153)	(153)	(459)	(459)
(Increase)/decrease in fixed deposits pledged as security to bank	-	-	858	-
Net cash from (used in) financing activities	<u>(167)</u>	<u>(3,921)</u>	<u>23,645</u>	<u>(7,778)</u>
Effect of exchange rate changes in consolidating subsidiary	(44)	148	(16)	7
Net increase/(decrease) in cash and cash equivalents	8,802	(551)	30,824	2,012
Cash and cash equivalents at beginning of financial period	37,280	11,285	15,258	8,722
Cash and cash equivalents at end of financial period (NOTE A)	<u>46,082</u>	<u>10,734</u>	<u>46,082</u>	<u>10,734</u>

Notes to the consolidated cash flow statement

NOTE A

Cash and cash equivalents consists of:	3Q 2008 \$'000	3Q 2007 \$'000	9 months 31.03.08 \$'000	9 months 31.03.07 \$'000
Cash and bank balances	1,429	1,177	1,429	1,177
Fixed and call deposits	45,138	9,900	45,138	9,900
	<u>46,567</u>	<u>11,077</u>	<u>46,567</u>	<u>11,077</u>
Less: Pledged deposits	(485)	(343)	(485)	(343)
	<u>46,082</u>	<u>10,734</u>	<u>46,082</u>	<u>10,734</u>

- 1(d)(i) A statement for the Group showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENTS OF CHANGES IN EQUITY
for the third quarter and nine months ended March 31, 2008

GROUP	Share capital \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total reserves \$'000	Total \$'000
Balance at July 1, 2007	4,940	10	26,284	26,294	31,234
Currency translation differences	-	10	-	10	10
Profit for the period	-	-	3,953	3,953	3,953
Total recognised for the period	-	10	3,953	3,963	3,963
Issue of shares	26,792	-	-	-	26,792
Balance at September 30, 2007 (*)	31,732	20	30,237	30,257	61,989
Currency translation differences	-	18	-	18	18
Profit for the period	-	-	3,718	3,718	3,718
Total recognised for the period	-	18	3,718	3,736	3,736
Dividend paid	-	-	(3,504)	(3,504)	(3,504)
Balance at December 31, 2007 (*)	31,732	38	30,451	30,489	62,221
Currency translation differences	-	(44)	-	(44)	(44)
Profit for the period	-	-	2,632	2,632	2,632
Total recognised for the period	-	(44)	2,632	2,588	2,588
Dividend paid	-	-	-	-	-
Balance at March 31, 2008 (*)	31,732	(6)	33,083	33,077	64,809
Balance at July 1, 2006	4,917	-	18,205	18,205	23,122
Currency translation differences	-	13	-	13	13
Profit for the period	-	-	3,342	3,342	3,342
Total recognised for the period	-	13	3,342	3,355	3,355
Issue of shares	23	-	-	-	23
Balance at September 30, 2006 (*)	4,940	13	21,547	21,560	26,500
Currency translation differences	-	(10)	-	(10)	(10)
Profit for the period	-	-	4,267	4,267	4,267
Total recognised for the period	-	(10)	4,267	4,257	4,257
Dividend proposed	-	-	(7,392)	(7,392)	(7,392)
Balance at December 31, 2006 (*)	4,940	3	18,422	18,425	23,365
Currency translation differences	-	4	-	4	4
Profit for the period	-	-	4,585	4,585	4,585
Total recognised for the period	-	4	4,585	4,589	4,589
Dividend paid	-	-	-	-	-
Balance at March 31, 2007 (*)	4,940	7	23,007	23,014	27,954

(*) Unaudited

STATEMENTS OF CHANGES IN EQUITY
for the third quarter and nine months ended March 31, 2008

COMPANY	Share capital \$'000	Retained earnings \$'000	Total reserves \$'000	Total \$'000
Balance at July 1, 2007	4,940	26,577	26,577	31,517
Issue of shares	26,792	-	-	26,792
Profit for the period	-	4,021	4,021	4,021
Balance at September 30, 2007 (*)	31,732	30,598	30,598	62,330
Profit for the period	-	5,236	5,236	5,236
Dividend paid	-	(3,504)	(3,504)	(3,504)
Balance at December 31, 2007 (*)	31,732	32,330	32,330	64,062
Profit for the period	-	2,717	2,717	2,717
Dividend paid	-	-	-	-
Balance at March 31, 2008 (*)	31,732	35,047	35,047	66,779
Balance at July 1, 2006	4,917	18,333	18,333	23,250
Issue of shares	23	-	-	23
Profit for the period	-	3,370	3,370	3,370
Balance at September 30, 2006 (*)	4,940	21,703	21,703	26,643
Profit for the period	-	4,299	4,299	4,299
Dividend proposed	-	(7,392)	(7,392)	(7,392)
Balance at December 31, 2006 (*)	4,940	18,610	18,610	23,550
Profit for the period	-	4,630	4,630	4,630
Dividend paid	-	-	-	-
Balance at March 31, 2007 (*)	4,940	23,240	23,240	28,180

(*) Unaudited

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The Company did not allot nor issue any shares, nor grant any share options under the Avi-Tech Employee's Share Option Scheme.

As at March 31, 2008, there were no outstanding share options/warrants/convertible securities (September 30, 2007 : Nil)

As at March 31, 2008, the total number of issued shares excluding treasury shares was 350,400,096. (September 30 2007 : 350,400,096). The Company does not have any treasury shares.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. **Whether the same accounting policies and methods of computations have been applied as in the company's most recently audited annual financial statements.**

These financial statements have been prepared based on the same accounting policies and methods of computation consistent with those adopted in the recently audited annual financial statements for the financial year ended June 30, 2007.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

None.

6. **Earnings per ordinary shares of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year.**

Period ended March 31, 2008

Group	3Q 2008	3Q 2007	9M 2008	9M 2007
Earnings per ordinary shares (cents)				
Basic	0.75	1.75	2.94	4.65
Diluted	0.75	1.75	2.94	4.65
Weighted average number of ordinary shares in issue for basic EPS	350,400,096	262,392,294	350,400,096	262,275,716
Weighted average number of ordinary shares in issue for diluted EPS	350,400,096	262,392,294	350,400,096	262,275,716

Earnings per share as at March 31, 2007 were computed based on the number of shares had the Share Split (as defined in the Company's Prospectus dated July 11, 2007) occurred then. This restructuring exercise was undertaken when the company launched its initial public offering on July 11, 2007.

7. **Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of: (a) current financial period reported on; and (b) immediate preceding financial year.**

	GROUP		COMPANY	
	31.03.08	30.06.07	31.03.08	30.06.07
Net assets value per ordinary share (cents):	18.50	11.90	19.06	12.01
Number of ordinary shares at period/year end	350,400,096	262,400,096	350,400,096	262,400,096

Net asset value per ordinary share as at June 30, 2007 was computed based on the number of shares after the Share Split.

8. **Review of Group Performance for the Third Quarter ended March 31, 2008 ("3Q 2008") vs Third Quarter ended March 31, 2007 ("3Q 2007") and Nine months ended March 31, 2008 ("9M 2008") vs Nine months ended March 31, 2007 ("9M 2007")**

Revenue

The Group's revenue decreased by \$0.6 million from \$18.1 million in 3Q2007 to \$17.5 million in 3Q2008, a decrease of 3.4% as compared to 3Q 2007 due to a weaker demand in Burn-In and Related Services. The Group enjoyed growth for 9M 2008 improving by 10.7% from \$55.2 million in 9M 2007 to \$61.1 million in 9M 2008. This improvement came mainly from our Engineering Services business segment where higher sales were made to USA region.

Gross profit

The Group's gross profit declined by 27.1% from \$7.2 million in 3Q 2007 to \$5.2 million in 3Q 2008 as a result of lower margin in Burn-In and Related Services and increases in materials used due to higher proportion of revenue contribution from Engineering Services business segment. In addition, the weakening of the United States dollar has negatively impacted the Group's gross profit. Correspondingly gross margin decreased by 9.8% from 39.8% in 3Q 2007 to 30% in 3Q 2008.

Gross profit declined marginally by \$1.2 million in 9M 2008 from \$19.7 million in 9M 2007 to \$18.5 million in 9M 2008. The weakening of the United States dollar has also negatively impacted gross profits. Correspondingly gross margin declined by 5.5% from 35.8% in 9M 2007 to 30.3% in 9M 2008 on account of lower margin in Burn-in and Related Services and increases in materials used in Engineering Services.

Administrative expenses

The increase in administrative expenses by \$0.3 million from \$1.7 million in 3Q 2007 to \$2 million in 3Q 2008 was due mainly to increases in headcount, resulting in higher payroll cost, and also foreign currency exchange adjustment loss due to the strength of the Singapore dollars against the United States dollars. Correspondingly administrative expenses increased by \$1.3 million from \$4.8 million in 9M 2007 to \$6.1 million in 9M 2008.

Profit for the period

Group's profit declined 42.6% from \$4.6 million in 3Q2007 to \$2.6million in 3Q 2008 as a result of lower margins and higher operating costs. Correspondingly, Group's profit declined by 15.5% from \$12.2 million in 9M 2007 to \$10.3 million in 9M 2008 attributed to lower margins and higher operating costs.

Group Balance Sheet and Cash Flow Statement – explanation of significant variances

Trade receivables decreased by \$8.8 million (\$0.4 million increase: 9M 2008) in 3Q 2008 to \$15.3 million due to tighter control over collection of receivables.

Inventories decreased by \$1.1 million (\$0.1 million increase: 9M 2008) in 3Q 2008 to \$4.7 million due to improved inventory management.

Trade payables decreased by \$3.2 million (\$2.6 million: 9M 2008) in 3Q 2008 to \$4.2 million to take advantage of early payment cash discounts from major suppliers..

Cash and cash equivalents improved by \$8.8 million from \$37.3 million in 2Q 2008 to \$46.1 million in 3Q 2008. This increase was mainly due improved collection from customers.

9. Where a forecast or a prospect statement, has been previously disclosed to shareholders, any variance between it and actual.

The trends and competitive conditions set out in paragraph 10 below is generally in line with paragraph 10 of our interim results announcement dated 12 February 2008, save that with the deteriorating financial conditions in the United States, the Group is concerned that any prolonged financial crisis will impact the semiconductor operating environment and the Group's performance will be affected.

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

Our Directors believe that the following industry trends will continue:-

- (a) volatility in demand for more electronic devices resulting from drop in consumers' confidence;
- (b) continued outsourcing of Burn-In services; and
- (c) increased complexity of semiconductors.

We believe that competitive conditions will exist as the semiconductor industry has seen wide fluctuations in both demand and supply.

We are aware that deteriorating financial conditions in the United States caused by, *inter alia*, the defaults on sub-prime mortgage loans, will further accelerate the slow down in the US economy. This have to some extent impacted industry trends. The Group is concerned that any prolonged financial crisis will impact the semiconductor operating environment and the Group's performance will be affected.

11. Dividend

(a) Current financial year reported on

Any dividend declared for the current financial period reported on?

No

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

Period	March 31, 2007
Name of Dividend	Second Interim
Dividend Type	Cash
Dividend Rate	1.0 cent per ordinary share
Tax Rate	one tier tax exempt

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared/recommendeded for the current financial period reported on.

BY ORDER OF THE BOARD

Lim Eng Hong
Chief Executive Officer
8 May 2008

Negative assurance confirmation on interim financial results under Rule 705 (4) of the SGX-ST

The Directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited Third Quarter and Nine Months financial statements to be false or misleading in any material aspect.

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

Lim Eng Hong
Chief Executive Officer

Wong Wee Lim, William
Chief Financial Officer

The initial public offering of the Company was sponsored by Westcomb Capital Pte. Ltd.