

**AVI-TECH ELECTRONICS LIMITED**  
**Co. Reg. No. 198105976**

**Unaudited First Quarter Financial Statements Ended September 30, 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 first quarter September 30, 2008**

	Group		
	1Q 2009 \$'000	1Q 2008 \$'000	Change %
<b>Revenue</b>	9,162	21,661	(57.7)
Cost of sales	(5,493)	(14,878)	(63.1)
<b>Gross profit</b>	3,669	6,783	(45.9)
Other operating income	197	245	(19.6)
Distribution costs	(49)	(46)	6.5
Administrative expenses	(1,413)	(1,960)	(27.9)
Finance costs	(55)	(73)	(24.7)
<b>Profit before income tax</b>	2,349	4,949	(52.5)
Income tax expense	(469)	(996)	(52.9)
<b>Profit for the period</b>	1,880	3,953	(52.4)

**Profit for the period is arrived at:-**

Depreciation of property, plant and equipment	(503)	(528)
Foreign currency exchange adjustment gain/(loss)	307	(189)
Interest income	126	177
Rental income	68	68

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 September 30, 2008

<b>ASSETS</b>	<b>Group</b>		<b>Company</b>	
	<b>30.09.2008</b>	<b>30.06.2008</b>	<b>30.09.2008</b>	<b>30.06.2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>				
Cash and bank balances	3,343	2,243	3,180	2,160
Fixed and call deposits	47,602	48,246	47,602	48,246
Trade receivables	10,888	10,883	10,811	10,865
Other receivables and prepaid expenses	95	374	69	338
Inventories	3,800	2,510	3,800	2,510
Held for trading investments	800	800	800	800
<b>Total current assets</b>	<b>66,528</b>	<b>65,056</b>	<b>66,262</b>	<b>64,919</b>
<b>Non-current assets</b>				
Subsidiary	-	-	3,189	2,917
Club membership	104	118	104	118
Property, plant and equipment	15,479	15,890	14,883	15,299
<b>Total non-current assets</b>	<b>15,583</b>	<b>16,008</b>	<b>18,176</b>	<b>18,334</b>
<b>Total assets</b>	<b>82,111</b>	<b>81,064</b>	<b>84,438</b>	<b>83,253</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Bank loan	612	612	612	612
Trade payables	2,871	2,509	2,871	2,509
Other payables	4,223	4,943	4,117	4,768
Current portion of finance leases	56	56	56	56
Income tax payable	2,467	2,836	2,467	2,836
<b>Total current liabilities</b>	<b>10,229</b>	<b>10,956</b>	<b>10,123</b>	<b>10,781</b>
<b>Non-current liabilities</b>				
Bank loan	5,864	6,017	5,864	6,017
Finance leases	83	97	83	97
Deferred tax liabilities	1,078	1,078	1,078	1,078
<b>Total non-current liabilities</b>	<b>7,025</b>	<b>7,192</b>	<b>7,025</b>	<b>7,192</b>
<b>Capital and reserves</b>				
Share capital	31,732	31,732	31,732	31,732
Reserves	33,125	31,184	35,558	33,548
	<b>64,857</b>	<b>62,916</b>	<b>67,290</b>	<b>65,280</b>
<b>Total liabilities and equity</b>	<b>82,111</b>	<b>81,064</b>	<b>84,438</b>	<b>83,253</b>

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

**Amount repayable in one year or less, or on demand**

<b>September 30, 2008</b>		<b>June 30, 2008</b>	
<b>Secured \$'000</b>	<b>Unsecured \$'000</b>	<b>Secured \$'000</b>	<b>Unsecured \$'000</b>
<b>668</b>	<b>-</b>	<b>668</b>	<b>-</b>

**Amount repayable after one year**

<b>September 30, 2008</b>		<b>June 30, 2008</b>	
<b>Secured \$'000</b>	<b>Unsecured \$'000</b>	<b>Secured \$'000</b>	<b>Unsecured \$'000</b>
<b>5,947</b>	<b>-</b>	<b>6,114</b>	<b>-</b>

**Details of any collateral**

The building and leasehold improvements with carrying amount of \$12,047,000 (30.6.2008: \$12,110,000) are mortgaged as security for a bank loan and credit facilities.

Certain plant and equipment with carrying amount of \$173,000 (30.6.2008: \$193,000) 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 first quarter ended September 30, 2008

	1Q 2009 \$'000	1Q 2008 \$'000
<b>Operating activities</b>		
Profit before income tax	2,349	4,949
Adjustments for:		
Depreciation of property, plant and equipment	503	528
Loss arising from revaluation of held for trading investments	-	-
Impairment loss reversal on club membership	14	13
Interest expense	55	73
Interest income	(126)	(177)
<b>Operating cash flows before movements in working capital</b>	<u>2,795</u>	<u>5,386</u>
Trade receivables	(5)	(3,926)
Other receivables and prepaid expenses	279	611
Inventories	(1,290)	27
Trade payables	362	(1,124)
Other payables	(720)	409
<b>Cash generated from operations</b>	<u>1,421</u>	<u>1,383</u>
Income tax paid	(838)	(811)
Interest paid	(55)	(73)
Interest received	126	177
<b>Net cash from operating activities</b>	<u>654</u>	<u>676</u>
<b>Investing activities</b>		
Additions to plant and equipment	(92)	(955)
<b>Net cash used in investing activities</b>	<u>(92)</u>	<u>(955)</u>
<b>Financing activities</b>		
Proceeds from issue of shares	-	26,792
Repayment of finance leases	(14)	(14)
Repayment of bank loan	(153)	(153)
(Increase)/decrease in fixed deposits pledged as security to bank	-	899
<b>Net cash from (used in) financing activities</b>	<u>(167)</u>	<u>27,524</u>
<b>Net effect of exchange rate changes in consolidating subsidiary</b>	61	10
Net increase in cash and cash equivalents	456	27,255
Cash and cash equivalents at beginning of financial period	50,489	15,258
<b>Cash and cash equivalents at end of financial period (NOTE A)</b>	<u>50,945</u>	<u>42,513</u>

Notes to the consolidated cash flow statement

NOTE A

<b>Cash and cash equivalents consists of:</b>	<b>1Q 2009</b>	<b>1Q 2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and bank balances	3,343	312
Fixed and call deposits	<u>47,602</u>	<u>42,645</u>
	50,945	42,957
Less: Pledged deposits	<u>-</u>	<u>(444)</u>
	<u>50,945</u>	<u>42,513</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 first quarter September 30, 2008

<b>GROUP</b>	<b>Share capital \$'000</b>	<b>Currency translation reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total reserves \$'000</b>	<b>Total \$'000</b>
Balance at July 1, 2008	31,732	13	31,171	31,184	62,916
Currency translation differences	-	61	-	61	61
Profit for the period	-	-	1,880	1,880	1,880
Total recognised for the period	-	61	1,880	1,941	1,941
Issue of shares	-	-	-	-	-
<b>Balance at September 30, 2008</b>	<b>31,732</b>	<b>74</b>	<b>33,051</b>	<b>33,125</b>	<b>64,857</b>
<b>Balance at July 1, 2007</b>	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
<b>Balance at September 30, 2007</b>	<b>31,732</b>	<b>20</b>	<b>30,237</b>	<b>30,257</b>	<b>61,989</b>

**STATEMENTS OF CHANGES IN EQUITY**  
for the first quarter September 30, 2008

<b>COMPANY</b>	<b>Share capital \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total reserves \$'000</b>	<b>Total \$'000</b>
Balance at July 1, 2008	31,732	33,548	33,548	65,280
Issue of shares	-	-	-	-
Profit for the period	-	2,010	2,010	2,010
<b>Balance at September 30, 2008</b>	<b>31,732</b>	<b>35,558</b>	<b>35,558</b>	<b>67,290</b>
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
<b>Balance at September 30, 2007</b>	<b>31,732</b>	<b>30,598</b>	<b>30,598</b>	<b>62,330</b>

- 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.**

There were no changes to the Company's share capital during the three months ended September 30, 2008.

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 September 30, 2008, there were no outstanding share options/warrants/convertible securities (June 30, 2008 : Nil)

As at September 30, 2008, the total number of issued shares excluding treasury shares was 350,400,096. (June 30 2008 : 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, 2008.

- 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.**

Group	1 <sup>st</sup> Quarter ended September 30,	
	2008	2007
<b>Earnings per ordinary share (cents)</b>		
Basic	0.54	1.21
Diluted	0.54	1.21
Weighted average number of ordinary shares in issue for basic EPS	350,400,096	326,487,053
Weighted average number of ordinary shares for diluted EPS	350,400,096	326,487,053

7. **Net asset value per ordinary share at the end of the number of**

- (a) current financial period reported on; and  
 (b) immediate preceding financial year.

	GROUP		COMPANY	
	30.09.08	30.06.08	30.09.08	30.06.08
Net assets value per ordinary share (cents):	18.50	17.96	19.20	18.63
Number of ordinary shares at period/year end	350,400,096	350,400,096	350,400,096	350,400,096

8. **Review of Group Performance for the First Quarter ended September 30, 2008 (“1Q 2009”) vs First Quarter ended September 30, 2007 (“1Q 2008”)**

**Revenue**

The Group’s revenue decreased substantially by \$12.5 million from \$21.7 million in 1Q 2008 to \$9.2 million in 1Q 2009, a decrease of 57.7% as compared to 1Q 2008. This was due to difficult business environment caused by financial turmoil in USA. This decrease came mainly from our Engineering Services and Equipment Distribution business segment amounting to \$10.5 million. The deferment of orders from our US customers contributed to this decrease.

**Gross profit**

The Group’s gross profit declined by 45.9% from \$6.8 million in 1Q 2008 to \$3.7 million in 1Q 2009 as a result of lower revenue. However, gross margin improved from 31.3% in 1Q 2008 to 40% in 1Q 2009 due mainly to decreases in materials used as a result of lower proportion of revenue contribution from Engineering Services and Equipment Distribution business segment and higher proportion of revenue contribution from Burn-In and Burn-In Related business segment.

**Administrative expenses**

The decrease in administrative expenses by \$0.6 million from \$2 million in 1Q 2008 to \$1.4 million in 1Q 2009 was due mainly to the effect of foreign currency exchange adjustment gain.



### **Profit for the period**

The Group's profit declined by 52.4% from \$4 million in 1Q 2008 to \$1.9 million in 1Q 2009 due mainly to lower revenue.

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

Inventories increased by \$1.3 million due to replenishment for new orders from our customers.

Trade payables increased by \$0.4 million to \$2.9 million in 1Q 2009 attributed to purchases to meet new orders.

Other payables decreased by \$0.7 million due to payment of staff bonus.

Cash and cash equivalents increased by \$0.5 million to \$50.9 million in 1Q 2009.

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

Not applicable.

**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.**

With the current economies deteriorating in USA, Europe and the rest of the world, the global outlook will be challenging for the next 12 months. We are therefore concerned that any prolonged economic weakness and financial crisis will impact the semiconductor operating environment and consequently the Group's performance. However, we are financially in a strong position to face the challenges going forward.

We will continue to manage our overhead cost, increase productivity and continue to maintain our competitive edge in the area of high quality manufacturing and services.

The Group intends to explore more turnkey based engineering and system integration project in various markets and take advantage of opportunities that arise appropriately especially in life science industry.

**11. DIVIDEND**

**(a) Current financial year reported on**

**Any dividend declared for the current financial period reported on.**

No.

**(b) Any dividend declared for the corresponding period of the immediately preceding financial year?**

Yes.

**Corresponding Period of the Immediately Preceding Financial Year**

Period	September 30, 2007
Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	1.0 cent per ordinary share
Tax Rate	one tier tax exempt

**(c) Date payable**

Not applicable.

**12. If no dividend has been declared/recommended, 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**  
**14 November 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 1st Quarter September 30, 2008 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.