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FOR IMMEDIATE RELEASE

Avi-Tech posts revenue of S\$9.2M and profit of S\$1.9 M

- *Net asset value per share improves by 0.81 cents over 1Q08*
- *Strong cash flow of S\$50.9M*
- *Improvement in gross margin by 8.7 percentage points*

SINGAPORE – FRIDAY, 14 NOVEMBER 2008 – Mainboard-listed Avi-Tech Electronics Limited ('Avi-Tech'), one of the region's leading 'one-stop' total Burn-In solutions providers to the semiconductor industry, today announced its unaudited financial results for the three months ended 30 September 2008 ("1Q09").

Group Financial Snapshot

In S\$'million	1Q09	1Q08	+/- %
Revenue	9.2	21.7	-57.7
Gross profit	3.7	6.8	-45.9
Profit before tax ("PBT")	2.3	4.9	-52.5
Net profit for the period	1.9	4.0	-52.4
Earnings per share (diluted) based on weighted average number of ordinary shares (in cents)	0.54	1.21	-
Cash balances	50.9	42.5	-
	As at 30 Sep 08	As at 30 Jun 08	
Total equity for the Group	64.9	62.9	

The Group's net asset value ("NAV") per share is 18.50 cents as at 30 September 2008, 0.81 cents higher than Group NAV as at the same period in 1Q08.

Results analysis

Avi-Tech posted a 57.7% revenue decrease in 1Q09 from S\$21.7M in 1Q08 to S\$9.2M, due to the difficult global business environment caused by the financial turmoil in the USA. The decrease in revenue was largely attributed to the Engineering Services and Equipment Distribution business segment which had lower sales to the USA. The lower revenue translated into lower PBT of S\$2.3M, 52.5% lower than 1Q08's PBT of S\$4.9M. Net profit proportionately decreased by 52.4% to S\$1.9M, from S\$4.0M in 1Q08.

The Group's gross profit declined by 45.9% to S\$3.7M in 1Q09 from S\$6.8M in the corresponding quarter last year. Gross margin, however, improved from 31.3% in 1Q08 to 40% this quarter following a decrease in materials used resulting from lower revenue contribution from Engineering Services and Distribution business segment and higher proportion of revenue contribution from Burn-In and Burn-in Services business segment.

Administrative expenses decreased by S\$0.6M or 27.9% from S\$2M in 1Q08 to S\$1.4M in 1Q09 on account of foreign currency exchange adjustment gain. The Group continued to maintain a healthy balance sheet with cash and cash equivalents increasing by S\$0.5M to S\$50.9M in 1Q09. Trade payables increased by S\$0.4M to S\$2.9M in 1Q09, flowing from increased purchases to meet new orders. Other payables, conversely, decreased by S\$0.7M due to payment of staff bonus. The Group's debt to equity ratio was 10.2% which is lower than the corresponding quarter's ratio of 11.7%. The more conservative leveraging position was due to our prudent stance in financial and operating management.

Mr EH Lim, CEO of Avi-Tech Electronics Ltd, said, "The worsening financial crisis and global credit crunch greatly impacted our financial performance this quarter. We had already begun feeling its effects in the second half of FY08. Our Engineering Services business, which was making strong headway in the USA with its system integration of high power burn-in systems, has faltered as customers are more cautious in times of uncertainty. However, we are gaining mileage with the life science and medical equipment business. With a substantial portion of our sales denominated in US dollars, the strengthening of the US dollar has marginally helped to offset the lower revenues."

Trends & Growth Strategies

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. The Group is concerned that any prolonged economic weakness and financial crisis will impact the semiconductor operating environment and consequently the Group's performance. However, the Group is financially in a strong position to face the challenges going forward.

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

Added Mr Lim, "In times like this, we need to remain lean and to improve our operations to achieve greater efficiencies such as faster turnaround time, more optimum production costs and greater value-add to our customers. Only through such continuous improvement initiatives can we strongly position our company for the eventual upturn in the economy. Having been in this industry for the past 25 years, we have come through at least three recessions, each time emerging stronger. We are optimistic that the lessons we have learnt and the practices we have implemented during those times will help us navigate through the current economic conditions. We will continue to adhere to our strategy of growing our services, particularly in the niche area of High Power Burn-In services and turnkey-based engineering system integration projects, with a focus on the life science and medical industries. We will also work at further expanding our portfolio of clients. In this climate there may be interesting opportunities for strategic mergers and acquisitions, alliances and collaborative partnerships and joint ventures. We will be on the lookout for attractive deals and take advantage of those opportunities for growth."

Avi-Tech was listed on the SGX Mainboard on 25 July 2007. The initial public offering of Avi-Tech was sponsored by Westcomb Capital Pte Ltd.

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This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

About Avi-Tech Electronics Limited (Co. Reg. No. 198105976)

Incorporated in Singapore in 1981, Avi-Tech Electronics is one of the region's leading 'one-stop' total Burn-In solutions providers to the semi-conductor industry. We offer a comprehensive suite of products and services for the semiconductor industry.

For more information, please visit <http://www.avi-tech.com.sg>

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