

**Unaudited Second Quarter And Half Year Financial Statements For The Period
 Ended December 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 second quarter and half year ended December 31, 2008**

S\$'000	Group					
	2009 2Q	2008 2Q	Change %	2009 1H	2008 1H	Change %
Revenue	10,224	21,956	(53.4)	19,386	43,617	(55.6)
Cost of sales	(6,833)	(15,486)	(55.9)	(12,326)	(30,364)	(59.4)
Gross profit	<u>3,391</u>	<u>6,470</u>	(47.6)	<u>7,060</u>	<u>13,253</u>	(46.7)
Other operating income	254	277	(8.3)	451	522	(13.6)
Distribution costs	(5)	(45)	(88.9)	(54)	(91)	(40.7)
Administrative expenses	(1,276)	(2,054)	(37.9)	(2,689)	(4,014)	(33.0)
Finance costs	(53)	(70)	(24.3)	(108)	(143)	(24.5)
Profit before income tax	<u>2,311</u>	<u>4,578</u>	(49.5)	<u>4,660</u>	<u>9,527</u>	(51.1)
Income tax expense	(446)	(860)	(48.1)	(915)	(1,856)	(50.7)
Profit for the period	<u><u>1,865</u></u>	<u><u>3,718</u></u>	(49.8)	<u><u>3,745</u></u>	<u><u>7,671</u></u>	(51.2)

Profit for the period is arrived at after:-

Depreciation of property, plant and equipment	(295)	(577)	(48.9)	(798)	(1,105)	(27.8)
Foreign currency exchange adjustment gain/(loss)	(21)	(442)	(95.2)	286	(631)	(145.3)
Interest income	156	210	(25.7)	282	387	(27.1)
Rental income	67	66	1.5	135	134	0.7

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 December 31, 2008

ASSETS	Group		Company	
	31.12.2008	30.06.2008	31.12.2008	30.06.2008
	\$'000	\$'000	\$'000	\$'000
Current assets				
Cash and bank balances	3,502	2,243	3,186	2,160
Fixed and call deposits	49,583	48,246	49,583	48,246
Trade receivables	7,904	10,883	7,846	10,865
Other receivables and prepaid expenses	79	374	54	338
Inventories	2,724	2,510	2,724	2,510
Held for trading investments	800	800	800	800
Total current assets	64,592	65,056	64,193	64,919
Non-current assets				
Subsidiary	-	-	3,488	2,917
Club membership	89	118	89	118
Property, plant and equipment	15,268	15,890	14,615	15,299
Total non-current assets	15,357	16,008	18,192	18,334
Total assets	79,949	81,064	82,385	83,253
LIABILITIES AND EQUITY				
Current liabilities				
Bank loan	612	612	612	612
Trade payables	2,246	2,509	2,246	2,509
Other payables	3,189	4,943	3,159	4,768
Current portion of finance leases	56	56	56	56
Income tax payable	2,335	2,836	2,335	2,836
Total current liabilities	8,438	10,956	8,408	10,781
Non-current liabilities				
Bank loan	5,711	6,017	5,711	6,017
Finance leases	69	97	69	97
Deferred tax liabilities	1,078	1,078	1,078	1,078
Total non-current liabilities	6,858	7,192	6,858	7,192
Capital and reserves				
Share capital	31,732	31,732	31,732	31,732
Reserves	33,230	31,184	35,696	33,548
Treasury shares	(309)	-	(309)	-
	64,653	62,916	67,119	65,280
Total liabilities and equity	79,949	81,064	82,385	83,253

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

Amount repayable in one year or less, or on demand

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

Amount repayable after one year

December 31, 2008*		June 30, 2008	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
5,780	-	6,114	-

* Unaudited

Details of any collateral

The building and leasehold improvements with carrying amount of \$11,984,000 (June 30, 2008: \$12,110,000) is mortgaged as security for loans, and credit facilities.

Certain plant and equipment with carrying amount of \$153,000 (June 30 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.

	31.12.08 2Q 2009 \$'000	31.12.07 2Q 2008 \$'000	31.12.08 1H 2009 \$'000	31.12.07 1H 2008 \$'000
Operating activities				
Profit before income tax	2,311	4,578	4,660	9,527
Adjustments for:				
Depreciation of property, plant and equipment	295	577	798	1,105
Impairment loss on club membership	16	15	30	28
Interest expense	53	70	108	143
Interest income received	(156)	(210)	(282)	(387)
Operating cash flows before movements in working capital	<u>2,519</u>	<u>5,030</u>	<u>5,314</u>	<u>10,416</u>
Trade receivables	2,984	(5,277)	2,979	(9,203)
Other receivables and prepaid expenses	16	25	295	636
Inventories	1,076	(1,295)	(214)	(1,268)
Trade payables	(625)	1,707	(263)	583
Other payables	(1,034)	(600)	(1,754)	(191)
Cash (used in) generated from operations	<u>4,936</u>	<u>(410)</u>	<u>6,357</u>	<u>973</u>
Income tax paid	(578)	(1,133)	(1,416)	(1,944)
Interest paid	(53)	(70)	(108)	(143)
Interest income received	156	210	282	387
Net cash generated from (used in) operating activities	<u>4,461</u>	<u>(1,403)</u>	<u>5,115</u>	<u>(727)</u>
Investing activities				
Additions to plant and equipment	(84)	(136)	(176)	(1,091)
Net cash used in investing activities	<u>(84)</u>	<u>(136)</u>	<u>(176)</u>	<u>(1,091)</u>
Financing activities				
Proceeds from issue of shares	-	-	-	26,792
Dividend paid	(1,752)	(3,504)	(1,752)	(3,504)
Purchase of treasury shares	(309)	-	(309)	-
Repayment of finance leases	(14)	(14)	(28)	(28)
Repayment of bank loan	(153)	(153)	(306)	(306)
(Increase)/decrease in fixed deposits pledged as security to bank	-	(41)	-	858
Net cash from (used in) financing activities	<u>(2,228)</u>	<u>(3,712)</u>	<u>(2,395)</u>	<u>23,812</u>
Effect of exchange rate changes in consolidating subsidiary	(8)	18	53	28
Net increase in cash and cash equivalents	2,140	(5,233)	2,596	22,022
Cash and cash equivalents at beginning of financial period	50,945	42,513	50,489	15,258
Cash and cash equivalents at end of financial period (NOTE A)	<u>53,085</u>	<u>37,280</u>	<u>53,085</u>	<u>37,280</u>

Notes to the consolidated cash flow statement

NOTE A

Cash and cash equivalents consists of:	2Q 2009 \$'000	2Q 2008 \$'000	1H 2009 \$'000	1H 2008 \$'000
Cash and bank balances	3,502	944	3,502	944
Fixed and call deposits	49,583	36,821	49,583	36,821
	<u>53,085</u>	<u>37,765</u>	<u>53,085</u>	<u>37,765</u>
Less: Pledged deposits	-	(485)	-	(485)
	<u>53,085</u>	<u>37,280</u>	<u>53,085</u>	<u>37,280</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 second quarter and half year ended December 31, 2008

GROUP	Share capital \$'000	Treasury Shares \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total reserves \$'000	Total \$'000
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
Balance at September 30, 2008 (*)	31,732	-	74	33,051	33,125	64,857
Currency translation differences	-	-	(8)	-	(8)	(8)
Profit for the period	-	-	-	1,865	1,865	1,865
Total recognised for the period	-	-	(8)	1,865	1,857	1,857
Dividend paid	-	-	-	(1,752)	(1,752)	(1,752)
Purchase of treasury shares	-	(309)	-	-	-	(309)
Balance at December 31, 2008 (*)	31,732	(309)	66	33,164	33,230	64,653
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

STATEMENTS OF CHANGES IN EQUITY

for the second quarter and half year ended December 31, 2008

COMPANY	Share capital \$'000	Treasury Shares \$'000	Retained earnings \$'000	Total reserves \$'000	Total \$'000
Balance at July 1, 2008	31,732	-	33,548	33,548	65,280
Profit for the period	-	-	2,010	2,010	2,010
Balance at September 30, 2008 (*)	31,732	-	35,558	35,558	67,290
Profit for the period	-	-	1,890	1,890	1,890
Dividend paid	-	-	(1,752)	(1,752)	(1,752)
Treasury shares	-	(309)	-	-	(309)
Balance at December 31, 2008 (*)	31,732	(309)	35,696	35,696	67,119
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

(*) 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 December 31, 2008, there were no outstanding share options/warrants/convertible securities (June 30, 2008: Nil).

In 2Q 09, the Company purchased 2,250,000 of its ordinary shares from the open market for \$309,479 and held such shares as treasury shares.

As at December 31, 2008, the total number of issued shares (excluding treasury shares) was 348,150,096 (June 30, 2008: 350,400,096) and the total number of treasury shares held was 2,250,000 (June 30, 2008: Nil).

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	Period ended December 31, 2008			
	2Q 2009	2Q 2008	1H 2009	1H 2008
Earnings per ordinary shares (cents)				
Basic	0.53	1.06	1.07	2.19
Diluted	0.53	1.06	1.07	2.19
Weighted average number of ordinary shares in issue for basic EPS	349,476,763	350,400,096	349,938,429	350,400,096
Weighted average number of ordinary shares in issue for diluted EPS	349,476,763	350,400,096	349,938,429	350,400,096

7. **Net asset value per ordinary share based on the issued share capital of the issuer at the end of:**

(a) current financial period reported on; and

(b) immediate preceding financial year.

	GROUP		COMPANY	
	31.12.2008	30.06.2008	31.12.2008	30.06.2008
Net assets value per ordinary share (cents):	18.57	17.96	19.28	18.63
Number of ordinary shares at period/year end	348,150,096	350,400,096	348,150,096	350,400,096

As of balance sheet date, the number of ordinary shares of the Group and Company used for the above calculation had been adjusted to exclude the number of treasury shares.

8. **Review of Group Performance for the Second Quarter ended December 31, 2008 ("2Q 2009") vs. Second Quarter ended December 31, 2007 ("2Q 2008") and First Half ended December 31, 2008 ("1H 2009") vs. First Half ended December 31, 2007 ("1H 2008")**

Revenue

The Group's revenue decreased substantially by \$11.7 million from \$21.9 million in 2Q 2008 to \$10.2 million in 2Q 2009, a decrease of 53.4% as compared to 2Q 2008. The Group's 1H 2009 revenue decreased by \$24.2 million or 55.6% from \$43.6 million to \$19.4 million. This was due to the continuing difficult business environment caused by the financial crisis around the world. There was a substantial reduction of customer orders for our Engineering Services and our Burn-In Boards Manufacturing and Boards Related Products business segments.

Gross profit

The Group's gross profit declined by \$3.1 million or 47.6% from \$6.5 million in 2Q 2008 to \$3.4 million in 2Q 2009 because of lower revenue. However, the gross margin improved from 29.5% in 2Q 2008 to 33.2% in 2Q 2009 due mainly to changes in the products and services mix between our Engineering Services and our Burn-In Boards Manufacturing and Boards Related Products business segment.

Gross profit declined by \$6.2 million or 46.7% in 1H 2009 from \$13.3 million in 1H 2008 to \$7.1 million in 1H 2009. However, the gross margin improved from 30.4% in 1H 2008 to 36.4% in 1H 2009 due to the reasons stated above.

Administrative expenses

The decrease in administrative expenses by \$0.8 million or 37.9% from \$2.1 million in 2Q 2008 to \$1.3 million in 2Q 2009 was because of favourable foreign exchange adjustments and reduction in depreciation expenses.

Administrative expenses reduced by \$1.3 million or 33% from \$4.0 million in 1H 2008 to \$2.7 million in 1H 2009 due mainly to foreign currency exchange adjustment gain of \$0.3 million compared to a loss of \$0.6 million and reduction of depreciation expenses charged of \$0.3 million.

Profit for the period

The Group's net profit declined by \$1.8 million or 49.8% from \$3.7 million in 2Q 2008 to \$1.9 million in 2Q 2009 due mainly to lower revenue. Due to decrease in overall revenue, the Group's net profit declined by \$3.9 million or 51.2% from \$7.7 million in 1H 2008 to \$3.8 million in 2H 2009.

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

Trade receivables as at December 31, 2008 decreased by \$3.0 million to \$7.9 million, in line with the lower turnover.

Other payables as at December 31, 2008 reduced by \$1.8 million to \$3.2 million due to payment of FY 2008 staff variable bonus of \$1.0 million and profit sharing scheme of \$0.9 million.

Cash and cash equivalents increased by \$2.2 million from \$50.9 million in 1Q 2009 to \$53.1 million in 2Q 2009. This increase was mainly due to better net cash generated from operating activities of \$4.5 million, offset by a final dividend payment for FY 2008 of \$1.7 million in November 2008 and treasury share buy back of \$0.3 million.

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.

The current financial crisis and global economic downturn has worsened and is expected to continue to deteriorate further. This has weakened the demand in the electronics and the semiconductor industries. The Group's business has and will continue to feel the impact of this current global slow down.

The business environment has become extremely challenging and unpredictable. However, we will continue to manage our costs and overheads, increase productivity, and continue to maintain high quality in manufacturing and services to meet the challenges ahead.

The Group however has a healthy balance sheet, very low gearing and a strong cash position and will explore and seize business opportunities as the financial turmoil continues to unfold. We will also pursue more turnkey based engineering and system integration projects in various markets.

11. DIVIDEND

(a) Current financial year reported on

Any dividend declared for the current financial period reported on.

Yes

Period	December 31, 2008
Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	0.5 cent per ordinary share
Tax Rate	one tier tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year.

Period	December 31, 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

March 31, 2009

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on March 21, 2009 for the preparation of the proposed interim dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 3 Church Street #08-01 Samsung Hub, Singapore 049483, up to 5.00 p.m. on March 20, 2009 will be registered to determine shareholders' entitlements to the said interim dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on March 20, 2009 will be entitled to the proposed interim dividend.

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

Not applicable.

BY ORDER OF THE BOARD

Lim Eng Hong
Chief Executive Officer
12 February 2009

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 financial results for the Second Quarter and Half Year 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

Wilfred Teo Chu Khiong
Chief Financial Officer

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