

**AVI-TECH ELECTRONICS LIMITED**

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Website: <http://www.avi-tech.com.sg>**FOR IMMEDIATE RELEASE****Avi-Tech registers 21.0% and 16.0% revenue increases for 9M11 and 3Q11**

- Improvement in revenue across all business segments over nine-month period
- Strong cash position of S\$32.5M maintained

SINGAPORE – Thursday, 12 May 2011– 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 third quarter (“3Q11”) and nine months (“9M11”) ended 31 March 2011.

Group Financial Snapshot

In S\$*M	3Q11	3Q10	+/- %	9M11	9M10	+/- %
Revenue	8.6	7.4	16.0	25.5	21.1	21.0
Gross profit (“GP”)	2.3	2.2	6.5	7.4	6.5	15.1
Gross profit margins*	27.2%	29.6%	-2.4ppt	29.1%	30.7%	-1.6 ppt
Profit before tax (“PBT”)	0.2	1.3	-85.2	2.9	3.5	-18.9
PBT margins*	2.2%	17.2%	-15ppt	11.2%	16.7%	-5.5ppt
Net profit	0.04	1.0	-96.0	2.3	3.0	-23.4
Earnings per share (diluted) based on weighted average number of ordinary shares (in cents)	0.01	0.29	-	0.66	0.86	-
Cash balances	32.5	49.9	-	32.5	49.9	-
Total equity for the Group			-	62.9	65.7	
				As at 31.03.11	As at 30.06.10	
Net asset value per share (in cents)				18.21	19.02	

Note:- “ppt” refers to Percentage Points

Results summary

- 9M11 revenue grew by 21.0% from S\$21.1M to S\$25.5M due to improved revenue across all business segments propelled by the recovery in global demand for semiconductor chips, higher demand for high powered burn-in chips, increased orders for burn-in boards brought on by the recovery in the semiconductor industry and higher capital expenditure by the Group’s major customers. Likewise, 3Q11 revenue increased by 16.0% to S\$8.6M from S\$7.4M due to stronger performances from the Engineering Services and Burn-In Services business segments. The improved performances of these business segments were offset by lower revenue contribution by the Burn-In Boards and Board Manufacturing business segment. The higher gross profit of 15.1%

(\$0.9M) from S\$6.5M in 9M10 to S\$7.4M in 9M11 is due to increased sales by the Burn-In Services. Over the 3Q11 period, the Group registered improved gross profit of 6.5% (S\$143,000) to S\$2.3M from S\$2.2M in 3Q10 on the back of improved revenue by the Burn-In Services business segment. The decrease in gross profit margin for 9M11 and 3Q11 is primarily due to lower gross profit contribution by the Burn-in Boards and Board Manufacturing and Engineering Services business segments.

- Administrative expenses for 9M11 increased by 32.2% to S\$5.2M from S\$3.9M in 3Q10 due to the initial set up and operating costs for the Group's newly incorporated subsidiaries and acquired businesses in addition to professional and consultancy fees relating to due diligence and legal work associated with the business acquisitions.
- Net profit for 9M11 was S\$2.3M as compared to S\$3.0M over the same period last year, a 23.4% decrease due primarily to net losses reported by the Engineering Services and the Imaging Equipment (Life Science and other Industries) and Energy Efficient Products business segments.
- Trade receivables as at 31 March 2011 stood at S\$7.5M from S\$8.5M as at 30 June 2010 primarily due to the clearance of overdue payments from a major customer. Trade payables decreased by S\$0.5M to S\$3.1M primarily due to the timing of payments made to trade suppliers and is in line with the decrease in cash and cash equivalents.
- Inventory increased by S\$3.4M to S\$6.0M due to the acquisition of the new businesses and higher level of stock holdings as a result of an increase in Engineering Services business activities.
- The Group maintained a healthy cash position of S\$32.5M although there was a decrease in its capital and reserves after payment of dividends for the financial year ended 30 June 2010 amounting to S\$4.3M and interim dividend payment of S\$863,000 for the half year ended 31 December 2010. The decrease in capital and reserves is partially offset by the profit of S\$2.3M generated during 9M11.

Mr EH Lim, CEO of Avi-Tech Electronics Ltd, said, "We are encouraged by the performance across all our business segments over the nine-month period, despite the lower 9M11 and 3Q11 profits as compared to last year. The Burn-In Services business segment reported a 27.2% revenue increase, while the Burn-In Boards and Board Manufacturing and Engineering Services business segments saw revenue improve by 12.3% and 6.1% respectively."

Trends and Growth Strategies

Although some contributions to Group revenue was achieved, the Group expects the performance of the Imaging Equipment (Life Science and other Industries) and Energy Efficient Products business segment, which the Group has recently ventured into, to remain weak for the rest of the year. Furthermore, the Group anticipates challenges in view of the strengthening of the Singapore dollar vis-

à-vis the U.S dollar which has impacted profit margin on sales denominated in U.S. dollars. Increases in raw material, labour and energy prices are expected to have a negative impact on the Group's overall margin. The Group nevertheless remains optimistic of future performance as it expects continued improvement in the existing business segments and anticipates growth in the coming years from the Imaging Equipment (Life Science and other Industries) and Energy Efficient Products business segment.

Added Mr Lim, "Avi-Tech's strategy of leveraging on our existing strengths to venture into new markets both in terms of geography and products has proved to be successful over the years. Our strong business fundamentals and healthy cash position have not only enabled us to weather difficult economic conditions, but to make strategic investments in attractively priced assets to position the Group for continued growth. With our recently acquired subsidiaries in the area of imaging equipment for the life science and other industries, and energy efficient products, we have diversified our revenue base and market reach, further strengthening our business and enhancing our value proposition to existing shareholders, investors as well as business partners."

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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 and listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") in 2007, Avi-Tech Electronics Limited ("Avi-Tech") is one of the region's leading one-stop total Burn-In solutions providers to the semiconductor industry.

Burn-in and related services

- Static Burn-In, Dynamic Burn-In and Test During Burn-In ("TDBI") for semiconductor manufacturers
- Tape and reel service for customers who need their finished products to be delivered in a reel form

Burn-in boards and boards-related products

- Design, manufacture and assembly of Burn-In Boards for different types of Burn-In Systems

Engineering services and equipment distribution

- Full turnkey system integration services (built to design) and equipment manufacturing (design and build) services including parts procurement and fabrication, assembly and verification for various industries including life science
- Technical services such as field service and application support for all third party equipment distributed
- Equipment distribution including equipment and related products used in the semiconductor industry, in particular, third party Burn-In and test equipments

Imaging Equipment (Life Science and other Industries) and energy efficient products

- Design and manufacturer of Light Emitting Diode ("LED") and High Brightness LED ("HBLED") lighting products and systems
- Sales and manufacturer of high quality coupled device or Charge Coupled Device ("CCD") cameras and instruments and innovative imaging systems for the life science industry

Headquartered in Singapore, we have production facilities in Singapore and overseas. Our Singapore production facilities supports the Burn-In of different semiconductor device types ranging from microprocessors, memories, micro-controllers, automotive control circuits and custom-made chips to the latest pin grid array and ball grid array.

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

In consonance with our commitment towards business excellence and Quality Assurance, we 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) and were conferred the prestigious Singapore Quality Award by the SQA Governing Council supported by SPRING Singapore in 2008. In addition, we have achieved ISO 9001, ISO 14001 and ISO 13485 certifications.

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

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