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**FOR IMMEDIATE RELEASE**

**Avi-Tech’s FY11 performance remains profitable and its cash position remains strong at S\$37.5 million**

**SINGAPORE – Tuesday, 23 August 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 fourth quarter (“4Q11”) and full year (“FY11”) ended 30 June 2011.

**Group Financial Snapshot**

In S\$'M	4Q11	4Q10	+/- %	FY11	FY10	+/- %
Revenue	8.4	8.6	-1.4	33.9	29.6	14.6
Gross profit (“GP”)	2.0	2.2	-6.9	9.5	8.6	9.5
Gross profit margins*	24.1%	25.6%	-1.5ppt	27.9%	29.2%	-1.3 ppt
Profit before tax (“PBT”)	-0.9	1.2	-173.3	2.0	4.7	-58.4
PBT margins*	-	14.2%	-	5.8%	16.0%	-10.2ppt
Net profit	-1.2	1.0	-220.4	1.1	4.0	-73.2
Earnings per share (diluted) based on weighted average number of ordinary shares (in cents)	-0.35	0.29	-	0.31	1.15	-
Cash balances	37.5	41.3	-	37.5	41.3	-
Total equity for the Group			-	61.7	65.7	
				As at	As at	
Net asset value per share (in cents)				31.06.11	30.06.10	
				17.93	19.02	

Note: - “ppt” refers to Percentage Points

**Results summary**

- FY11 revenue increased by 14.6% (S\$4.3M) from S\$29.6M to S\$33.9M due primarily to revenue contribution of S\$2.7M from the Group’s newly constituted Imaging Equipment and Energy Efficient Products business segment. There was also increased revenue from the Burn-In Services and Engineering Services business segments of 22% (S\$2.5M) and 12% (S\$0.7M) respectively. Revenue from the Burn-In Boards and Board Manufacturing business segment declined by 13% (S\$1.6M). This was on account of decreased orders from its US customers which were attributed to the loss of price competitiveness of its products given the appreciation of the Singapore dollar vis-à-vis the US dollar. The Group’s 4Q11 revenue decreased by 1.4% (S\$0.2M) to S\$8.4M from S\$8.6M in 4Q10. The revenue contribution from the Imaging Equipment and Energy Efficient Products, Engineering Services and Burn-In Services business segments

was offset by decreased revenue from the Burn-In Boards and Board Manufacturing business segment.

- Gross profit for FY11 improved by 9.5% (S\$0.9M) from S\$8.6M in FY10 to S\$9.5M. Gross profit margin for the year fell to 27.9% from 29.2% due to the low profit margin contribution of one of Engineering Services business segment's major contracts as well as lower sales from the Burn-In Boards and Board Manufacturing business segment. Quarter on quarter, gross profit fell by 6.9% (S\$0.2M) from S\$2.2M in 4Q10 to S\$2M. Gross profit margin fell by 1.5 percentage points to 24.1% primarily due to the lower margin contribution from a major contract from the Engineering Services business segment.
- Administrative expenses for FY11 rose by 65.9% (S\$3.3M), from S\$5M in FY10 to S\$8.3M in FY11 on account of initial set-up and operating costs of the newly incorporated subsidiaries and acquired businesses, as well as higher professional and consultancy fees incurred for due diligence and other legal works related to these business acquisitions.
- Net profit for FY11 was S\$1.1M as compared to S\$4.0M over the same period last year, a 73.2% (S\$2.9M) decrease. The lower net profit was due mainly to lower revenue contribution from the Burn-In Boards and Board Manufacturing and Engineering Services business segments, exacerbated by the high operating costs of the Group's newly acquired business segments and subsidiaries. This was partially offset by stronger revenue contribution from the Burn-In Services business segment with improved margins from its high-powered burn-in services.
- The Group's balance sheet remained strong. The Group's cash position, after the acquisition of the new businesses and payment of dividend, inventories and new equipment, stood at S\$37.5M as at 30 June 2011. Its trade receivables decreased by S\$1.5M to S\$7.0M as at 30 June 2011 due to the clearing of overdue payments by major customers and decreased sales. Trade payables decreased by S\$0.4M corresponding to the timings of payments made to suppliers. Inventories increased by S\$3.2M 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. Goodwill and intangible assets increased by S\$3.4M on the acquisition of Santa Barbara Instrument Group and the allocation of goodwill, patents and trademarks from the acquisition.

### **General Global Business Commentary and Outlook**

While the Imaging Equipment and Energy Efficient Products business segment contributed to revenue, the Group expects the performance of this business segment to remain weak, as new products are being developed, and in the near future continue to have a negative impact on our performance, especially due to the significant slowdown in the economic growth of the US economy. The business environment continues to be challenging especially with the strengthening of the Singapore dollar against the U.S. dollar and increase in raw material prices and energy prices. Despite the current economic slowdown, inflation and uncertain outlook, the Group has consistently reported a healthy balance sheet and strong cash position and remains cautiously optimistic of long term growth prospects.

Mr EH Lim, CEO of Avi-Tech Electronics Ltd, said, "The near-term visibility is cloudy. There are reports suggesting that with the surprise contraction in Singapore's non-oil domestic exports in July and the sustained electronics and semiconductor weakness, a technical recession and tough times ahead are imminent. The headwinds from any possible fallout from the US and Europe debt crisis will definitely have an impact on consumer demand and hence manufacturing output globally, from which we will not be immune. Nevertheless, we are confident that Avi-Tech's sound financial position, lean cost structure and strong business fundamentals will enable us to steer through the difficult times ahead and perhaps even find growth opportunities amidst the downturn. We will continue to push ahead with our expanded business ventures and seek to improve and strengthen our existing operations."

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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 sciences
- 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, life sciences 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 sciences 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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