

AVI-TECH ELECTRONICS LIMITED(Company Registration No. 198105976H)**Unaudited Third Quarter And 9 Months Financial Statements For The Period Ended 31 March 2012****PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS**

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Unaudited	Unaudited		Unaudited	Unaudited	
Revenue	6,955	8,616	(19.3)	24,847	25,492	(2.5)
Cost of sales	(6,825)	(6,273)	8.8	(21,455)	(18,062)	18.8
Gross profit	<u>130</u>	<u>2,343</u>	(94.5)	<u>3,392</u>	<u>7,430</u>	(54.3)
Other operating income	233	177	31.6	723	801	(9.7)
Distribution costs	(71)	(47)	51.1	(163)	(127)	28.3
Administrative expenses	(3,361)	(2,267)	48.3	(9,585)	(5,188)	84.8
Finance costs	(79)	(16)	393.8	(215)	(52)	313.5
(Loss)/profit before income tax	<u>(3,148)</u>	<u>190</u>	N.M.	<u>(5,848)</u>	<u>2,864</u>	N.M.
Income tax expense	87	(150)	N.M.	59	(599)	N.M.
(Loss)/profit for the period	<u>(3,061)</u>	<u>40</u>	N.M.	<u>(5,789)</u>	<u>2,265</u>	N.M.
Other comprehensive income/(loss) for the period:						
Foreign currency translation differences for foreign operations	<u>80</u>	<u>(65)</u>	N.M.	<u>(25)</u>	<u>(40)</u>	(37.5)
Other comprehensive income for the periods, net of tax	<u>80</u>	<u>(65)</u>	N.M.	<u>(25)</u>	<u>(40)</u>	(37.5)
Total comprehensive (loss)/income for the period attributable to shareholders	<u>(2,981)</u>	<u>(25)</u>	11,824.0	<u>(5,814)</u>	<u>2,225</u>	N.M.

(Loss)/profit for the period is arrived at after (charging)/crediting:-

Depreciation of property, plant and equipment	(608)	(473)	28.5	(1,517)	(1,295)	17.1
Amorization of other intangible assets	(94)	-	N.M.	(282)	-	N.M.
Foreign currency exchange adjustment loss	(195)	(154)	26.6	(122)	(375)	(67.5)
Interest income	101	80	26.3	346	384	(9.9)
Interest expense	(79)	(16)	393.8	(215)	(52)	313.5
Rental income	98	87	12.6	279	263	6.1

N.M. : Not meaningful

1(b)(i) **A statement of financial position of the Group and Company, together with a comparative statement as at the end of the immediately preceding financial year.**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2012

	Group		Company	
	31.3.2012	30.6.2011	31.3.2012	30.6.2011
	\$'000	\$'000	\$'000	\$'000
ASSETS	Unaudited	Unaudited	Unaudited	Unaudited
Current assets				
Cash and bank balances	3,633	7,349	2,650	6,751
Fixed and call deposits	31,000	30,173	31,000	30,173
Trade receivables	5,998	7,010	5,978	6,351
Other receivables and prepayments	561	539	4,460	806
Inventories	4,629	5,846	3,605	3,894
Derivative financial instruments	-	850	-	850
Held-to-maturity financial assets	3,115	4,031	3,115	4,031
Total current assets	<u>48,936</u>	<u>55,798</u>	<u>50,808</u>	<u>52,856</u>
Non-current assets				
Subsidiaries	-	-	2,619	2,346
Property, plant and equipment	15,073	15,524	15,986	15,154
Goodwill	825	886	-	-
Other intangible assets	2,285	2,527	-	-
Held-to-maturity financial assets	3,610	3,634	3,610	3,634
Total non-current assets	<u>21,793</u>	<u>22,571</u>	<u>22,215</u>	<u>21,134</u>
Total assets	<u>70,729</u>	<u>78,369</u>	<u>73,023</u>	<u>73,990</u>
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans	8,614	7,963	3,597	4,250
Trade payables	2,354	3,292	3,230	2,457
Other payables	2,221	2,291	1,467	1,867
Finance leases	57	57	57	57
Income tax payable	89	791	89	791
Total current liabilities	<u>13,335</u>	<u>14,394</u>	<u>8,440</u>	<u>9,422</u>
Non-current liabilities				
Other payables	1,139	1,114	-	-
Finance leases	104	147	104	147
Deferred tax liabilities	992	992	992	992
Total non-current liabilities	<u>2,235</u>	<u>2,253</u>	<u>1,096</u>	<u>1,139</u>
Capital and reserves				
Share capital	31,732	31,732	31,732	31,732
Treasury shares	(803)	(795)	(803)	(795)
Reserves	23,798	30,423	32,558	32,492
Equity attributable to owners of the Company	<u>54,727</u>	<u>61,360</u>	<u>63,487</u>	<u>63,429</u>
Non-controlling interests	432	362	-	-
Total equity	<u>55,159</u>	<u>61,722</u>	<u>63,487</u>	<u>63,429</u>
Total liabilities and equity	<u>70,729</u>	<u>78,369</u>	<u>73,023</u>	<u>73,990</u>

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

Amount repayable in one year or less, or on demand

31 March 2012*		30 June 2011	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
8,671	-	8,020	-

Amount repayable after one year

31 March 2012*		30 June 2011	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
104	-	147	-

* Unaudited

Details of any collateral

The building and leasehold improvements with carrying amount of \$11,253,000 (30 June 2011: \$11,436,000) are mortgaged as security for a bank loan and credit facilities.

Certain plant and equipment with carrying amount of \$299,000 (30 June 2011: \$279,000) are secured by the lessors' titles to the leased assets.

1(c) A statement of cash flow for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOW
for the third quarter and nine months ended 31 March 2012

	01.01.12 to 31.03.12 3Q 2012 \$'000	01.01.11 to 31.03.11 3Q 2011 \$'000	01.07.11 to 31.03.12 9M \$'000	01.07.10 to 31.03.11 9M \$'000
Operating activities				
(Loss)/profit before income tax	(3,148)	190	(5,848)	2,864
Adjustments for:				
Depreciation of property, plant and equipment	608	473	1,517	1,295
Reversal of allowance for doubtful debts	-	-	-	3
Allowance for inventories	10	-	10	-
Amortisation of other intangible assets	94	-	282	-
Fair value gain on derivative financial instruments	-	-	850	-
Loss/(Gain) on disposal of plant and equipment	8	-	8	(114)
Share-based payment expenses	43	-	64	-
Interest expense	79	16	215	52
Interest income	(101)	(80)	(346)	(384)
Operating cash flows before movements in working capital	<u>(2,407)</u>	<u>599</u>	<u>(3,248)</u>	<u>3,716</u>
Trade receivables	1,821	(272)	1,012	915
Other receivables and prepayments	(46)	(215)	(23)	(686)
Inventories	1,404	(2,606)	1,228	(3,373)
Trade payables	(2,216)	278	(938)	(533)
Other payables	(211)	769	31	772
Cash (used in)/generated from operations	<u>(1,655)</u>	<u>(1,447)</u>	<u>(1,938)</u>	<u>811</u>
Income tax paid	(697)	(204)	(644)	(604)
Interest paid	(79)	(16)	(215)	(52)
Interest received	101	80	346	384
Net cash (used in)/generated from operating activities	<u>(2,330)</u>	<u>(1,587)</u>	<u>(2,451)</u>	<u>539</u>
Investing activities				
Additions to property, plant and equipment	(130)	(227)	(1,090)	(1,583)
Acquisition of businesses and assets, net cash acquired	-	(2,484)	-	(2,631)
Purchase of held-to-maturity investments	(3,115)	(1,000)	(3,115)	(3,566)
Purchase of patent	-	(1)	-	(1)
Proceeds from maturity of held-to-maturity investments	1,027	4,052	4,055	4,052
Proceeds on disposal of property, plant and equipment	17	-	17	120
Net cash (used in)/from investing activities	<u>(2,201)</u>	<u>340</u>	<u>(133)</u>	<u>(3,609)</u>
Financing activities				
Proceed from finance lease obligations	-	-	-	213
Treasury shares buy back	-	-	(8)	-
Proceed from loans and borrowings	-	-	1,281	-
Dividends paid	-	(863)	(861)	(5,178)
Repayment of finance lease obligations	(15)	(14)	(43)	(37)
Repayment of bank loan	(153)	(250)	(653)	(750)
Net cash used in financing activities	<u>(168)</u>	<u>(1,127)</u>	<u>(284)</u>	<u>(5,752)</u>
Net effect of exchange rate changes in consolidating subsidiaries	45	(29)	(21)	(4)
Net decrease in cash and cash equivalents	(4,654)	(2,403)	(2,889)	(8,826)
Cash and cash equivalents at beginning of financial period	39,287	34,920	37,522	41,343
Cash and cash equivalents at end of financial period (NOTE A)	<u>34,633</u>	<u>32,517</u>	<u>34,633</u>	<u>32,517</u>

NOTE A

Cash and cash equivalents consists of:	3Q 2012 \$'000	3Q 2011 \$'000	9M 2012 \$'000	9M 2011 \$'000
Cash and bank balances	3,633	9,190	3,633	9,190
Fixed and call deposits	31,000	23,327	31,000	23,327
	<u>34,633</u>	<u>32,517</u>	<u>34,633</u>	<u>32,517</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 third quarter and nine months ended 31 March 2012

GROUP	Attributable to owners of the Company						Total \$'000
	Share capital \$'000	Treasury shares \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total reserves \$'000	Non-controlling interest ⁽¹⁾ \$'000	
Balance at 1 July 2011	31,732	(795)	63	30,360	30,423	362	61,722
Total comprehensive income for the period	-	-	(50)	(1,270)	(1,320)	39	(1,281)
Balance at 30 September 2011 (*)	31,732	(795)	13	29,090	29,103	401	60,441
Total comprehensive income for the period	-	-	(5)	(1,458)	(1,463)	21	(1,442)
Share buyback held back in treasury	-	(8)	-	-	-	-	(8)
Dividends paid	-	-	-	(861)	(861)	-	(861)
Balance at 31 December 2011 (*)	31,732	(803)	8	26,771	26,779	422	58,130
Total comprehensive income for the period	-	-	80	(3,061)	(2,981)	10	(2,971)
Balance at 31 March 2012 (*)	31,732	(803)	88	23,710	23,798	432	55,159
Balance at 1 July 2010	31,732	(618)	77	34,479	34,556	-	65,670
Total comprehensive income for the period	-	-	39	1,135	1,174	-	1,174
Balance at 30 September 2010 (*)	31,732	(618)	116	35,614	35,730	-	66,844
Dividends paid	-	-	-	(4,315)	(4,315)	-	(4,315)
Total comprehensive income for the period	-	-	(14)	1,090	1,076	-	1,076
Balance at 31 December 2010 (*)	31,732	(618)	102	32,389	32,491	-	63,605
Dividends paid	-	-	-	(863)	(863)	-	(863)
Issue of ordinary shares under share option plan	-	-	-	-	-	135	135
Total comprehensive income for the period	-	-	(65)	40	(25)	-	(25)
Balance at 31 March 2011 (*)	31,732	(618)	37	31,566	31,603	135	62,852

⁽¹⁾ Unaudited

⁽¹⁾ Representing share option reserve of a subsidiary

COMPANY	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Total reserves \$'000	Total \$'000
Balance at 1 July 2011	31,732	(795)	32,492	32,492	63,429
Total comprehensive income for the period	-	-	598	598	598
Balance at 30 September 2011 (*)	31,732	(795)	33,090	33,090	64,027
Total comprehensive income for the period	-	-	710	710	710
Dividends paid	-	-	(861)	(861)	(861)
Share buyback held back in treasury	-	(8)	-	-	(8)
Balance at 31 December 2011 (*)	31,732	(803)	32,939	32,939	63,868
Total comprehensive income for the period	-	-	(381)	(381)	(381)
Balance at 31 March 2012 (*)	31,732	(803)	32,558	32,558	63,487
Balance at 1 July 2010	31,732	(618)	34,876	34,876	65,990
Total comprehensive income for the period	-	-	1,175	1,175	1,175
Balance at 30 September 2010 (*)	31,732	(618)	36,051	36,051	67,165
Total comprehensive income for the period	-	-	1,143	1,143	1,143
Dividends paid	-	-	(4,315)	(4,315)	(4,315)
Balance at 31 December 2010 (*)	31,732	(618)	32,879	32,879	63,993
Total comprehensive income for the period	-	-	871	871	871
Dividends paid	-	-	(863)	(863)	(863)
Balance at 31 March 2011 (*)	31,732	(618)	32,887	32,887	64,001

^(*) 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. To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at end of the immediately preceding year. A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There was no change in the Company's share capital during the three months ended 31 March 2012. The Company did not allot or issue any shares, or grant any share options under the Avi-Tech Employee's Share Option Scheme.

As at 31 March 2012, the Company has no outstanding share options/warrants/convertible securities (30 June 2011: Nil).

As at 31 March 2012, the total number of issued shares (excluding treasury shares) was 344,158,096 (30 June 2011: 344,240,096).

Treasury Shares	Number of shares ('000)	\$'000
Balance as at 1 July 2011	6,160	795
Balance as at 31 March 2012	6,242	803

Pursuant to the share buyback mandate approved by shareholders on 29 October 2008 and renewed at every subsequent annual general meeting, the Company purchased a total of 6,242,000 shares through on-market purchases transacted on the Singapore Exchange Securities Trading Limited. The total amount paid for the purchases was \$803,000 which has been deducted from shareholders' equity. The repurchased shares are held as treasury shares.

As at 31 March 2012, there was no sale, transfer, disposal, cancellation and/or use of 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 the 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.

The Group has applied the same accounting policies and methods of computation as in the Group's most recently audited annual financial statements.

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.

See item 4 above.

6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

(a) based on the weighted average number of ordinary shares on issue; and
(b) on a fully diluted basis (detailing any adjustments made to the earnings).

Group	Period ended 31 March			
	3Q 2012	3Q 2011	9M 2012	9M 2011
Earnings per ordinary shares (cents)				
Basic	(0.89)	0.01	(1.68)	0.66
Diluted	(0.89)	0.01	(1.68)	0.66
Weighted average number of ordinary shares in issue for basic EPS	344,208,373	345,220,096	344,208,373	345,220,096
Weighted average number of ordinary shares in issue for diluted EPS	344,208,373	345,220,096	344,208,373	345,220,096

7. **Net asset value per ordinary share based on the issued share capital (excluding treasury shares) of the issuer at the end of:**

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

	GROUP		COMPANY	
	31.03.2012	30.06.2011	31.03.2012	30.06.2011
Net assets value per ordinary share (cents):	16.03	17.93	18.45	18.43
Number of ordinary shares at period/year end	344,158,096	344,240,096	344,158,096	344,240,096

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 Third Quarter ended 31 March 2012 ("3Q 2012") vs. Third Quarter ended 31 March 2011 ("3Q 2011") and Nine months ended 31 March 2012 ("9M 2012") vs. Nine months ended 31 March 2011 ("9M 2011")**

Revenue

9M 2012 Vs 9M 2011

In the nine months ended 31 March 2012 (9M 2012), the Group reported a marginal decrease in revenue of \$645,000 / 2.5% from \$25.5 million to \$24.8 million as compared to the nine months ended 31 March 2011 (9M 2011). The decrease in revenue is primarily due to the decrease in sales reported by the Burn-in Services business segment due to the restructuring in the operations of one of its major customer. This led to a decrease in demand for burn-in services. The Burn-in Boards and Boards Manufacturing business segment also reported a decrease in sales, primarily due to decrease in business activities in one of its major customer. This resulted in a significant decrease in sales in one of its product type.

The decrease is partially offset by the increase in revenue contribution from the Engineering Services business segment due to the booking of revenue of a major contract. The Imaging Equipment and Energy Efficient Products business segment also contributed to the revenue. The business segment was established in Q3 2011.

3Q 2012 Vs 3Q 2011

For the three months ended 31 March 2012, the Group reported a decrease in revenue of \$1.6 million/ 19.3% from \$8.6 million in 3Q 2011 to \$7 million in 3Q 2012. The decrease is primarily due to decrease in sales reported by the Burn-in Services and Burn-in Boards and Board Manufacturing business segments. The decrease is partially offset by the revenue contributed by the Group's U.S. subsidiaries (Imaging Equipment and Energy Efficient Products business segment) and higher revenue contribution from the Engineering Services business segment.

Gross profit

9M 2012 Vs 9M 2011

The Group reported a decline in gross profit of \$4 million / 54% from \$7.4 million in 9M 2011 to \$3.4 million in 9M 2012. Gross profit margin also dropped from 29.1% to 13.7%. The decline is primarily due to the low sales reported by the Burn-in Services business segment which has a high fixed, low variable cost structure, and change in products mix with lower gross profit margin.

3Q 2012 Vs 3Q 2011

The Group reported a decline in gross profit of \$2.2 million / 95% from \$2.3 million in 3Q 2011 to \$130,000 in 3Q 2012. Gross profit margin also decreased from 27.2% to 1.9%. The decrease in gross profit margin is primarily due to the reason mentioned above.

Other operating income

9M 2012 Vs 9M 2011

Other operating income decreased from \$801,000 in 9M 2011 to \$723,000 in 9M 2012, primarily due to the gain from the trade-in of a vehicle reported in 9M 2011.

Administrative expenses

9M 2012 Vs 9M 2011

Administrative expenses increased by \$4.4 million from \$5.2 million in 9M 2011 to \$9.6 million in 9M 2012. The increase is primarily due to high operating costs of the Group's U.S. subsidiaries (Imaging Equipment and Energy Efficient Products business segment).

Finance costs

9M 2012 Vs 9M 2011

Finance costs increased by \$163,000 from \$52,000 in 9M 2011 to \$215,000 in 9M 2012. The increase is primarily due to interest expenses from a bank loan taken by a U.S. subsidiary.

Loss for the period

9M 2012 Vs 9M 2011

The Group reported a loss of \$5.8 million in 9M 2012 as compared to a profit of \$2.3 million in 9M 2011. The loss is primarily due to the losses reported by the Group's U.S. subsidiaries (Imaging Equipment and Energy Efficient Products business segment).

Statement of Financial Position

Trade receivables decreased by \$1 million, in line with the decrease in revenue reported during the quarter.

Inventories decreased by \$1.2 million to \$4.6 million due to decrease in revenue.

Derivative financial instruments decreased by \$850,000 due to maturity of the forward foreign exchange contracts.

Held-to-maturity financial assets decreased by \$0.9 million to \$6.7 million due to maturity of a held-to-maturity investment during the quarter.

Bank loan increased by \$651,000 to \$8.6 million. The increase is primarily due to an increase in bank borrowings by a U.S. subsidiary. The increase is partially offset by the repayment of the property loan.

Trade payables decreased by \$0.9 million to \$2.4 million. The decrease is primarily due to the timing of payments made to trade suppliers.

Capital and reserves decreased by \$6.6 million to \$55.2 million. The decrease is primarily due to the losses of \$5.8 million reported for 9M 2012 and the payment of dividends for the financial year ended 30 June 2011 which amounted to \$0.9 million.

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

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 third quarter of the financial year 2012 was a difficult period for the Group. The loss reported is primarily due to the worse than expected performance by the Group's U.S. subsidiaries (Imaging Equipment and Energy Efficient Products business segment). With the continuous need for research and development of new products and limited upside in sales due to the current range of product lines available, we expect the performance of this business segment to remain weak in the near future. In addition, the Burn-in Services business segment reported a significant decrease in profit due to a restructuring in operations by a major customer. This led to a decrease in sales, impacting the bottom line of this key business segment.

The world-wide sales in the semiconductors industry is expected to decline and with the continuing economic uncertainty in Europe and U.S. constraining recovery in the sector, demand for the Group's services and products is expected to remain weak.

In this challenging operating environment, the Group will continue its efforts to contain costs and increase productivity, striving to build value for all our stakeholders.

11. DIVIDEND

(a) Current financial year reported on

Any dividend declared for the current financial period reported on.

None for 3Q 2012.

(b) Corresponding period of the immediately preceding financial year.

None for 3Q 2011.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not sought a general mandate from shareholders for Interested Person Transactions.

BY ORDER OF THE BOARD

Lim Eng Hong
Chief Executive Officer
7 May 2012

Negative assurance confirmation on interim financial results under Rule 705 (5) of the SGX-ST listing manual

The directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the Third Quarter financial statements for the period ended 31 March 2012 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