

AVI-TECH ELECTRONICS LIMITED(Company Registration No. 198105976H)**Unaudited Second Quarter And Half Year Financial Statements For The Period Ended 31 December 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the second quarter and half year ended 31 December 2012

	2Q		Change %	Group		Change %
	2013 \$'000 Unaudited	2012 \$'000 Unaudited		1H 2013 \$'000 Unaudited	1H 2012 \$'000 Unaudited	
Revenue	6,625	9,332	(29.0)	14,321	17,892	(20.0)
Cost of sales	(6,257)	(7,744)	(19.2)	(13,073)	(14,630)	(10.6)
Gross profit	<u>368</u>	<u>1,588</u>	(76.8)	<u>1,248</u>	<u>3,262</u>	(61.7)
Other operating income	302	259	16.6	535	490	9.2
Distribution costs	(46)	(37)	24.3	(121)	(92)	31.5
Administrative expenses	(2,679)	(3,260)	(17.8)	(5,752)	(6,224)	(7.6)
Finance costs	(85)	(60)	41.7	(146)	(136)	7.4
Loss before income tax	<u>(2,140)</u>	<u>(1,510)</u>	41.7	<u>(4,236)</u>	<u>(2,700)</u>	56.9
Income tax expense	2	52	(96.2)	42	(28)	n.m.
Loss for the period, attributable to owners of the Company	<u><u>(2,138)</u></u>	<u><u>(1,458)</u></u>	46.6	<u><u>(4,194)</u></u>	<u><u>(2,728)</u></u>	53.7
Other comprehensive income/(loss) for the period:						
Foreign currency translation differences for foreign operations	<u>171</u>	<u>(5)</u>	n.m.	<u>339</u>	<u>(55)</u>	n.m.
Other comprehensive income/(loss) for the periods, net of tax	<u>171</u>	<u>(5)</u>	n.m.	<u>339</u>	<u>(55)</u>	n.m.
Total comprehensive loss for the period, attributable to owners of the Company	<u><u>(1,967)</u></u>	<u><u>(1,463)</u></u>	34.4	<u><u>(3,855)</u></u>	<u><u>(2,783)</u></u>	38.5
Loss for the period is arrived at:-						
Depreciation of property, plant and equipment	(385)	(470)	(18.1)	(828)	(909)	(8.9)
Amortisation of other intangible assets	(101)	(95)	6.3	(205)	(188)	9.0
Foreign currency exchange adjustment (loss)/gain	(181)	9	n.m.	(408)	73	n.m.
Interest expenses	(85)	(60)	41.7	(146)	(136)	7.4
Interest income	106	120	(11.7)	210	245	(14.3)
Rental income	85	93	(8.6)	178	181	(1.7)

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 December 2012

	Group		Company	
	31.12.2012	30.06.2012	31.12.2012	30.06.2012
ASSETS	\$'000	\$'000	\$'000	\$'000
	Unaudited	Audited	Unaudited	Audited
Current assets				
Cash and bank balances	2,319	3,592	1,775	3,156
Fixed and call deposits	28,000	30,000	28,000	30,000
Trade receivables	6,889	6,218	6,894	5,450
Other receivables and prepaid expenses	569	528	4,268	1,934
Inventories	4,288	3,807	3,737	3,430
Total current assets	42,065	44,145	44,674	43,970
Non-current assets				
Subsidiaries	-	-	1,294	1,294
Property, plant and equipment	14,546	15,236	14,398	15,048
Goodwill	663	696	-	-
Other intangible assets	1,975	2,282	-	-
Held-to-maturity financial investments	6,699	6,725	6,699	6,725
Total non-current assets	23,883	24,939	22,391	23,067
Total assets	65,948	69,084	67,065	67,037
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans	8,012	3,444	3,138	3,444
Trade payables	5,398	3,307	4,713	3,788
Other payables	2,359	3,019	1,825	1,980
Finance leases	52	50	52	50
Total current liabilities	15,821	9,820	9,728	9,262
Non-current liabilities				
Bank loans	-	5,111	-	-
Other payables	611	617	-	-
Finance leases	70	98	70	98
Deferred tax liabilities	850	850	850	850
Total non-current liabilities	1,531	6,676	920	948
Capital and reserves				
Share capital	31,732	31,732	31,732	31,732
Tresasury shares	(933)	(803)	(933)	(803)
Reserves	17,472	21,320	25,618	25,898
Equity attributable to owners of the Company	48,271	52,249	56,417	56,827
Non-controlling interests	325	339	-	-
Total equity	48,596	52,588	56,417	56,827
Total liabilities and equity	65,948	69,084	67,065	67,037

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

Amount repayable in one year or less, or on demand

31 December 2012*		30 June 2012	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
8,064	-	3,494	-

Amount repayable after one year

31 December 2012*		30 June 2012	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
70	-	5,209	-

* Unaudited

Details of any collateral

The building and leasehold improvements with carrying amount of \$11,071,000 (30 June 2012: \$11,193,000) are mortgaged as security for a bank loan and credit facilities.

Certain plant and equipment with carrying amount of \$172,000 (30 June 2012: \$205,000) are secured by the lessors' titles to the leased assets.

A bank loan is secured by a lien over deposits of the Group amounting to \$6,000,000 (30 June 2012: \$6,000,000).

1(c) A statement of cash flows 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 second quarter and half year ended 31 December 2012

	31.12.12 2Q 2013 \$'000	31.12.11 2Q 2012 \$'000	31.12.12 1H 2013 \$'000	31.12.11 1H 2012 \$'000
Operating activities				
Loss before income tax	(2,140)	(1,510)	(4,236)	(2,700)
Adjustments for:				
Depreciation of property, plant and equipment	385	470	828	909
Allowance for inventories obsolescence	35	-	35	-
Gain on disposal of property, plant and equipment	(25)	-	(25)	-
Fair value gain on derivative financial instruments	-	-	-	850
Share-based payment expenses	22	-	7	21
Amorisation of other intangible assets	101	95	205	188
Interest expenses	85	60	146	136
Interest income	(106)	(120)	(210)	(245)
Operating cash flows before movements in working capital	(1,643)	(1,005)	(3,250)	(841)
Trade receivables	(1,477)	(804)	(671)	(809)
Other receivables and prepayments	(50)	(29)	(19)	23
Inventories	(301)	1,142	(516)	(176)
Trade payables	1,478	228	2,091	1,278
Other payables	(308)	269	(666)	242
Cash used in operations	(2,301)	(199)	(3,031)	(283)
Income tax refund	2	54	19	53
Interest paid	(85)	(60)	(146)	(136)
Interest received	106	120	210	245
Net cash used in operating activities	(2,278)	(85)	(2,948)	(121)
Investing activities				
Additions to property, plant and equipment	(88)	(885)	(158)	(960)
Proceeds from maturity of held-to-maturity investments	26	3,000	26	3,028
Proceeds on disposal of property, plant and equipment	25	-	29	-
Placement in fixed deposits	(25,000)	-	(25,000)	-
Withdrawal from fixed deposits	-	-	15,000	-
Net cash (used in)/from investing activities	(25,037)	2,115	(10,103)	2,068
Financing activities				
Dividends paid	-	(861)	-	(861)
Treasury shares buy back	-	(8)	(130)	(8)
Repayment of finance lease obligations	(13)	(14)	(26)	(28)
Proceeds from loans and borrowings	-	115	-	1,281
Repayment of bank loan	(153)	(250)	(306)	(500)
Net cash used in financing activities	(166)	(1,018)	(462)	(116)
Net effect of exchange rate changes in consolidating subsidiaries	142	5	240	(66)
Net (decrease)/increase in cash and cash equivalents	(27,339)	1,017	(13,273)	1,765
Cash and cash equivalents at beginning of financial period	32,658	38,270	18,592	37,522
Cash and cash equivalents at end of financial period (NOTE A)	5,319	39,287	5,319	39,287

NOTE A

Cash and cash equivalents consists of:	2Q 2013 \$'000	2Q 2012 \$'000	1H 2013 \$'000	1H 2012 \$'000
Cash and bank balances	2,319	6,287	2,319	6,287
Fixed and call deposits	3,000	33,000	3,000	33,000
	<u>5,319</u>	<u>39,287</u>	<u>5,319</u>	<u>39,287</u>

1(d)(i)A statement for the Group and Company 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 31 Dec 2012

GROUP	Attributable to owners of the Company							Total \$'000
	Share capital \$'000	Treasury shares \$'000	Currency translation reserve \$'000	Share option reserve \$'000	Retained earnings \$'000	Total reserves \$'000	Non-controlling interest ⁽¹⁾ \$'000	
Balance at 1 July 2012	31,732	(803)	2	-	21,318	21,320	339	52,588
Total comprehensive income for the period	-	-	168	-	(2,056)	(1,888)	-	(1,888)
Share buyback held back in treasury	-	(130)	-	-	-	-	-	(130)
Recognition of share-based payment	-	-	-	2	-	2	-	2
Non-controlling interests relating to outstanding share-based payment transactions of a subsidiary	-	-	-	-	-	-	(15)	(15)
Balance at 30 September 2012 (*)	<u>31,732</u>	<u>(933)</u>	<u>170</u>	<u>2</u>	<u>19,262</u>	<u>19,434</u>	<u>324</u>	<u>50,557</u>
Total comprehensive income for the period	-	-	171	-	(2,138)	(1,967)	-	(1,967)
Recognition of share-based payment	-	-	-	5	-	5	-	5
Non-controlling interests relating to outstanding share-based payment transactions of a subsidiary	-	-	-	-	-	-	1	1
Balance at 31 Dec 2012 (*)	<u>31,732</u>	<u>(933)</u>	<u>341</u>	<u>7</u>	<u>17,124</u>	<u>17,472</u>	<u>325</u>	<u>48,596</u>
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 (*)	<u>31,732</u>	<u>(795)</u>	<u>13</u>	<u>-</u>	<u>29,090</u>	<u>29,103</u>	<u>401</u>	<u>60,441</u>
Dividends paid	-	-	-	-	(861)	(861)	-	(861)
Share buyback held back in treasury	-	(8)	-	-	-	-	-	(8)
Total comprehensive income for the period	-	-	(5)	-	(1,458)	(1,463)	21	(1,442)
Balance at 31 December 2011(*)	<u>31,732</u>	<u>(803)</u>	<u>8</u>	<u>-</u>	<u>26,771</u>	<u>26,779</u>	<u>422</u>	<u>58,130</u>

(*) Unaudited

⁽¹⁾ Representing share option reserve of a subsidiary

COMPANY	Share capital \$'000	Treasury shares \$'000	Share options reserve \$'000	Retained earnings \$'000	Total reserves \$'000	Total \$'000
Balance at 1 July 2012	31,732	(803)	-	25,898	25,898	56,827
Total comprehensive income for the period	-	-	-	(569)	(569)	(569)
Recognition of share-based payment	-	-	2	-	2	2
Share buyback held back in treasury	-	(130)	-	-	-	(130)
Balance at 30 September 2012 (*)	<u>31,732</u>	<u>(933)</u>	<u>2</u>	<u>25,329</u>	<u>25,331</u>	<u>56,130</u>
Total comprehensive income for the period	-	-	-	282	282	282
Recognition of share-based payment	-	-	5	-	5	5
Balance at 31 December 2012 (*)	<u>31,732</u>	<u>(933)</u>	<u>7</u>	<u>25,611</u>	<u>25,618</u>	<u>56,417</u>
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 (*)	<u>31,732</u>	<u>(795)</u>	<u>-</u>	<u>33,090</u>	<u>33,090</u>	<u>64,027</u>
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 (*)	<u>31,732</u>	<u>(803)</u>	<u>-</u>	<u>32,939</u>	<u>32,939</u>	<u>63,868</u>

(*) Unaudited

(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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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.

Since the end of the previous period reported on (i.e. 1 October 2012), there was no change in the Company's share capital during the three months ended 31 December 2012.

As at 31 December 2012, there was no outstanding share option/warrant/convertible security of the Company, save for the aggregate of 940,000 unissued shares comprised in options granted on 3 July 2012 and 16 November 2012 pursuant to the Avi-Tech Employee Share Option Scheme (30 June 2012: NIL).

	As at 31 December 2012	As at 31 December 2011
Number of shares that may be issued on conversion of all the outstanding convertibles	NIL	NIL
Treasury Shares	7,978,000	6,160,000
Total number of issued shares excluding treasury shares	342,422,096	344,240,096

Pursuant to the share buyback mandate originally approved by shareholders on 29 October 2008 and renewed subsequently, the Company purchased a total of 7,978,000 shares through on-market purchases transacted on the Singapore Exchange Securities Trading Limited. The total amount paid for the purchases was approximately \$933,000 which has been deducted from shareholders' equity. All the repurchased shares are held as treasury shares

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

Total number of issued shares excluding treasury shares	Number of shares
Balance as at 31 December 2012	342,422,096
Balance as at 30 June 2012	344,158,096

1(d)(iv) 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

As at 31 December 2012, there were no sales, transfers, disposals, cancellations 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 shares of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year.

Group	Period ended 31 December			
	2Q 2013	2Q 2012	1H 2013	1H 2012
Earnings per ordinary shares (cents) ("EPS")				
Basic	(0.62)	(0.42)	(1.22)	(0.79)
Diluted	(0.62)	(0.42)	(1.22)	(0.79)
Weighted average number of ordinary shares in issue for basic EPS	343,000,763	344,233,375	343,000,763	344,233,375
Weighted average number of ordinary shares in issue for diluted EPS	343,895,763	344,233,375	343,895,763	344,233,375

7. Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	GROUP		COMPANY	
	31.12.2012	30.06.2012	31.12.2012	30.06.2012
Net assets value per ordinary share (cents)	14.19	15.28	16.48	16.51
Number of ordinary shares at period/year end	342,422,096	344,158,096	342,422,096	344,158,096

8. Review of Group Performance for the Second Quarter ended 31 December 2012 (“2Q 2013”) vs. Second Quarter ended 31 December 2011 (“2Q 2012”) and First Half ended 31 December 2012 (“1H 2013”) vs. First Half ended 31 December 2011 (“1H 2012”)

The Group is primarily engaged in four main operating business segments with significant exposure in the semiconductor industry, namely, Burn-in Services, Burn-in Boards and Boards Related Manufacturing, Engineering Services and Equipment Distribution and Imaging Equipment and Energy Efficient Products.

STATEMENT OF COMPREHENSIVE INCOME

Revenue

1H 2013 Vs 1H 2012

In the half year ended 31 December 2012 (1H 2013), the Group reported a decrease in revenue of \$3.6 million (20%) from \$17.9 million to \$14.3 million as compared to the half year ended 31 December 2011 (1H 2012). The decrease in revenue is primarily due to the decline in revenue contributed by the Burn-in Services and Burn-in Boards and Boards Related Manufacturing business segments, primarily due to decrease in sales to key customers. The decrease is partially offset by higher revenue contributions by the Engineering Services business segment due to higher revenue booked on a major contract as compared to the same period last year. In addition, the Imaging Equipment and Energy Efficient Products business segment also reported higher revenue due to roll out of more product lines.

2Q 2013 Vs 2Q 2012

In the three months ended 31 December 2012 (2Q 2013), the Group reported a decrease in revenue of \$2.7 million or 29% from \$9.3 million in 2Q 2012 to \$6.6 million in 2Q 2013. The decrease is primarily due to decline in revenue contributed by the Burn-in Services and Burn-in Boards and Boards Related Manufacturing business segments. The decrease is partially offset by increase in sales of the Engineering Services and Imaging Equipment and Energy Efficient Products business segments.

Gross profit

1H 2013 Vs 1H 2012

The Group reported a decline in gross profit of about \$2.1 million (61.7%) from \$3.3 million in 1H 2012 to \$1.2 million in 1H 2013. Gross profit margin dropped from 18.2% to 8.7%. The decrease is primarily due to lower profit margin contributed by all business segments, primarily the Burn-in Services business segment. As it is characterized by a high fixed low variable cost nature, the decrease in sales had a significant impact on its gross profit, and as a major contributor to the Group's gross profit in the comparative period, this led to the decline in gross profit.

2Q 2013 Vs 2Q 2012

The Group reported a decrease in gross profit of \$1.2 million (76.8%) from \$1.6 million in 2Q 2012 to \$0.4 million in 2Q 2013. Gross profit margin also decreased from 17% to 6%. With the exception of the Imaging Equipment and Energy Efficient Products business segment, all business segments contributed to the decrease.

Other operating income

1H 2013 Vs 1H 2012

Other operating income increased by \$45,000, from \$490,000 in 1H 2012 to \$535,000 in 1H 2013. The increase is primarily due to the gain from the sale of scrap materials.

Administrative expenses

1H 2013 Vs 1H 2012

Administrative expenses decreased by \$0.4 million from \$6.2 million in 1H 2012 to \$5.8 million in 1H 2013. The decrease is primarily due to cost cutting initiatives undertaken by the Group.

Loss for the period

1H 2013 Vs 1H 2012

The Group reported a loss of \$4.2 million in 1H 2013, an increase in losses of \$1.5 million as compared to the loss of \$2.7 million in 1H 2012. The loss is primarily due to the losses reported by the Group's U.S. subsidiaries (Imaging Equipment and Energy Efficient Products business segment). The rest of the business segments also reported losses, primarily due to the reduced orders from customers.

STATEMENT OF FINANCIAL POSITION

Total Group assets decreased by \$3.1 million from \$69.1 million as of 30 June 2012 to \$66 million as of 31 December 2012, primarily due to decrease in cash and cash equivalents of \$3.3 million and property, plant and equipment of \$0.7 million.

As of 31 December 2012, the Group had cash and cash equivalents of \$30.3 million compared to \$33.6 million as of 30 June 2012. The decrease is primarily due to the losses reported during the six months ended 31 December 2012. The decrease in property, plant and equipment is due to depreciation of \$828,000.

Total Group liabilities increased by \$0.9 million from \$16.5 million as of 30 June 2012 to \$17.4 million as of 31 December 2012. The increase is primarily due to increase in trade payables of \$2.1 million. The increase in trade payables is primarily due to timing of payments. The increase is partially offset by the decrease in other payables of \$0.6 million and bank loans of \$0.5 million. The decrease in other payables is primarily due to timing of payments and bank loans is due to repayment of bank loan.

STATEMENT OF CASH FLOWS

The Group used net cash in operating activities of \$2.9 million for the six months ended 31 December 2012. This is primarily due to losses incurred during the period and higher trade payables as compared to the year ended 30 June 2012. Net cash used in investing activities was \$10.1 million, primarily due to withdrawal of fixed deposits placed with financial institutions. Net cash used in financing activities was \$0.5 million, primarily due to repayment of bank loan and the buyback of shares held as treasury shares.

As per the Consolidated Statement of Financial Position as at 31 December 2012, the Group closed the period with cash of \$30.3 million with bank borrowings of \$8 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 Group reported a loss of \$4.2 million for 1H 2013. We expect the performance of all business segments to remain weak in the near term.

The Group is cognizant of the uncertainty in the global economy and the relative weakness in some customers' industry and business. The Group is making progress towards its long-term strategic direction and remains cautiously optimistic of its long-term investment in the Imaging Equipment and Energy Efficient Products business segment and growth prospect. The Group has seen some positive results in its cost cutting initiatives and will continue its efforts to contain costs and increase productivity, striving to build value for all our stakeholders.

11. DIVIDEND

(a) Any dividend declared for the current financial period reported on.

No.

(b) Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) State the tax rate and the country where the dividend is derived.

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) Books Closure Date.

Not applicable.

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

No dividend has been declared or recommended for the quarter ended 31 December 2012.

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 IPTs.

14. Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed.

The Group raised approximately \$29.0 million from its IPO on 25 July 2007. As at 31 December 2012, the total net proceeds of approximately \$26.7 million (after deducting the IPO expenses of approximately \$2.3 million, as disclosed on page 33 of the Company's prospectus dated 11 July 2007) from the IPO were used for the following purposes:

	Use of IPO proceeds as at 31 December 2012 (\$ million)	Balance as at 31 December 2012 (\$ million)
Expansion of our customer base and widen our portfolio of services	6.0	0.0
Potential mergers and acquisitions	2.8	5.2
Expansion of our overseas operations	3.0	0.0
Working capital	9.7	0.0
Total	21.5	5.2

The IPO proceeds used for working capital purposes have been applied to the following uses:

- Purchases of plant and equipment;
- Purchase and replenish inventories;
- Payments to suppliers and service providers;
- Loan repayments; and
- Payments for other day to day operations.

Management has confirmed that the above use of proceeds was in line with the Company's planned utilisation of funds.

15. Negative Confirmation pursuant to Rule 705 (5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial statements of the Group and the Company for the second quarter ended 31 December 2012 to be false or misleading in any material aspect.

On behalf of the Board of Directors of Avi-Tech Electronics Limited.

Khor Thiam Beng
Chairman

Lim Eng Hong
Chief Executive Officer

BY ORDER OF THE BOARD

Lim Eng Hong
Chief Executive Officer
5th February 2013