

**AVI-TECH ELECTRONICS LIMITED**

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Avi-Tech turns in profit of S\$1.9M for 2Q09 and maintains strong cash position of S\$53.1M on lower revenue of S\$10.2M

SINGAPORE – Thursday, 12 FEBRUARY 2009 – 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 second quarter ("2Q09") and six months ("1H09") ended 31 December 2008.

Group Financial Snapshot

In S\$'M	2Q09	2Q08	+/- %	1H09	1H08	+/- %
Revenue	10.2	21.9	-53.4	19.4	43.6	-55.6
Gross Profit ("GP")	3.4	6.5	-47.6	7.1	13.3	-46.7
Profit before tax ("PBT")	2.3	4.6	-49.5	4.7	9.5	-51.1
Gross profit margins*	33.2%	29.5%	3.7ppt	36.4%	30.4%	6 ppt
PBT margins*	22.6%	20.9%	1.7ppt	24%	21.8%	2.2ppt
Earnings per share (diluted) based on weighted average number of ordinary shares (in cents)	0.53	1.06	-	1.07	2.19	-
Cash balances	53.1	37.3	-	53.1	37.3	-
Total equity for the Group			-	64.7	62.9	
				As at	As at	
				31.12.08	30.06.08	
Net asset value per share (in cents)				18.57	17.96	

Note:- "ppt" refers to Percentage Points

Results analysis

Avi-Tech posted a 53.4% revenue decrease in 2Q09 from S\$21.9M in 2Q08 to S\$10.2M. For 1H09, revenue declined by 55.6% to S\$19.4M from S\$43.6M, due to the continuing difficult global business environment caused by the global financial turmoil. There was a substantial reduction of customer orders for our Engineering Services and our Burn-In Boards Manufacturing and Boards Related Products business segments.

The lower revenue translated into lower gross profit of S\$3.3M in 2Q09, a 47.6% decline from the same period a year ago. For 1H09, gross profits fell by 46.7% to S\$7.1M, as compared with 1H08. The lower than proportionate decrease in gross profit as compared with revenue decrease for 2Q09 and 1H09, translated into higher profit margins for the period under review. Gross profit margins improved from 29.5% in 2Q08 to 33.2% in 2Q09 and from 30.4% in 1H08 to 36.4% in 1H09. The improved margins were due mainly to changes in the products and services mix between the

Engineering Services and the Burn-In Boards Manufacturing and Boards Related Products business segment.

As a result of lower revenues, Group PBT declined by 49.5% from S\$4.6M in 2Q08 to S\$2.3M in 2Q09. For 1H09, PBT stood at S\$4.7M, a 51.1% decline from S\$9.5M in 1H08. Net profit proportionately decreased by 49.8% to S\$1.9M from S\$3.7M in 2Q08. Due to overall decrease in revenue, Group net profit declined by 51.2% from S\$7.7M in 1H08 to S\$3.7M in 1H09.

Favourable foreign exchange adjustments and reduction in depreciation expenses contributed to the decrease in administrative expenses by 37.9%, from S\$2.1M in 2Q08 to S\$1.3M in 2Q09 and by 33% from S\$4.0M in 1H08 to S\$2.7M in 1H09. The Group's cash position remained strong at S\$53.1M, a S\$2.2M increase from S\$50.9M in the previous quarter. This increase was mainly attributed to better net cash generated from operating activities of S\$4.5M, offset by a final FY08 dividend payment of S\$1.7M in November 2008 and treasury share buy back of S\$0.3M.

Mr EH Lim, CEO of Avi-Tech Electronics Ltd, said, "We were not spared the effects of the deepening financial crisis and global credit crunch, which is reflected in our performance for 2Q09 and 1H09. Most impacted was our Engineering Services business as customers reduced orders due to the uncertain economic situation and tightening credit lines. The strengthening of the US dollar, in which most of our sales are denominated, lessened the impact on our earnings somewhat. We are, however, pleased that our continued focus on quality, increased productivity and a diverse customer base and product offering, have enabled us to remain profitable despite the very challenging environment in which we find ourselves."

Trends and Growth Strategies

The current financial crisis and global economic downturn has worsened and it is expected that it will deteriorate further. Given the outlook that the global economies are not likely to make a quick turnaround with resultant weak consumer sentiment and overall decreased business activity, it is probable that the demand in the electronics and the semiconductor industries will weaken in the coming months. Hence, the Group will continue to feel the impact of this current global slow down.

Added Mr Lim, "Despite the gloomy outlook, we are cautiously confident of our ability to remain profitable. Using our existing technical expertise, we have managed to diversify our business and successfully ventured into system integration for the life sciences sector. We have also made headway in the US market in the area of board manufacturing, offering more complex products at lower costs. We hope that our expanded market reach and service offerings will offer us a buffer against the impact that the downturn has had on the semiconductor industry. Furthermore, we have a healthy balance sheet, low gearing and a strong cash position, which stands us in good stead to take advantage of any good long term investment opportunities such as attractively valued assets which may become available in times like these. We are heeding the government's call for skills training and

will take advantage of this downturn to focus on improving our operational capabilities through staff development, increasing productivity, maintaining our high standards of quality and containing our costs and overheads. On the business development front, we will actively pursue more turnkey-based engineering and system integration projects in various markets and keep a lookout for further growth opportunities.”

Avi-Tech was listed on the SGX Mainboard on 25 July 2007. The initial public offering of Avi-Tech was sponsored by Westcomb Capital Pte Ltd.

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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, Avi-Tech Electronics is one of the region's leading 'one-stop' total Burn-In solutions providers to the semi-conductor industry. We offer a comprehensive suite of products and services for the semiconductor industry.

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

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