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FOR IMMEDIATE RELEASE

Avi-Tech achieves 2Q10 PBT of S\$1.2M on revenue of S\$6.8M

- Maintains strong cash position of S\$51.6M and healthy balance sheet
- Recovery on track for Burn-In Boards and Boards Manufacturing business segment
- Proposed interim dividend payout of 0.25 cent per share for 1H10

SINGAPORE – Friday, 5 FEBRUARY 2010 – 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 ("2Q10") and six months ("1H10") ended 31 December 2010.

Group Financial Snapshot

In S\$'M	2Q10	2Q09	+/- %	1H10	1H09	+/- %
Revenue	6.8	10.2	-33.6	13.6	19.4	-29.7
Gross Profit ("GP")	2.0	3.4	-40.5	4.3	7.1	-39.7
Profit before tax ("PBT")	1.2	2.3	-50.0	2.3	4.7	-51.7
Gross profit margins*	29.7%	33.2%	3.5ppt	31.2%	36.4%	5.2 ppt
PBT margins*	17.0%	22.6%	1.7ppt	16.5%	24%	7.5ppt
Earnings per share (diluted) based on weighted average number of ordinary shares (in cents)	0.29	0.53	-	0.56	1.07	-
Cash balances	51.6	53.1	-	51.6	53.1	-
Total equity for the Group			-	64.5	64.7	
				As at 31.12.09	As at 30.06.09	
Net asset value per share (in cents)				18.68	18.63	

Note:- "ppt" refers to Percentage Points

Results summary

- 1H10 revenue declined by 29.7% to S\$13.6M from S\$19.4M. Revenue for 2Q10 declined 33.6% from S\$10.2M to S\$6.8M. The lower revenue was due to a decrease in demand for our products and services on the back of the continuing weak economic climate. The lower revenue translated into lower gross profit of S\$4.3M in 1H10 from S\$7.1M, a 39.7% decrease from the same period a year ago. For 2Q10, gross profit fell by 40.5% to S\$2.0M from S\$3.4M in 2Q09. Gross profit margins for the period under review likewise decreased from 36.4% in 1H09 to 31.2% in 1H10 and from 33.2% in 2Q09 to 29.7% in 2Q10. The lower gross profit margins were attributed to lower

revenue contribution from the Engineering Services business segment. This was compounded by the fact that the costs of sales did not decrease proportionately as a portion of costs are fixed costs.

- Net profit for 1H10 was S\$1.9M compared to S\$3.7M in 1H09, a 48.1% decrease. For 2Q10, net profit declined to S\$1.0M from S\$1.9M in 2Q09. The lower net income was attributed to a decrease in revenue without a corresponding proportionate decrease in cost of sales and operating expenses.
- Administrative expenses for 1H10 increased 4.4% or S\$119,000 to S\$2.8M as compared with S\$2.7M in 1H09 due primarily to foreign exchange adjustment loss of \$639,000 in 1H 2010 as compared to a gain of \$286,000 in 1H09, due to the weakening of the US dollar in the current period.
- The Group's cash position as at 31 December 2009 remained robust at S\$51.6M with net cash generated from operating activities of S\$2.9M offset by net cash used in investing activities and in payment of dividend of S\$1.7M for the financial year ended 30 June 2009.
- The Group proposes to pay an interim dividend payout of 0.25 cent per share for 1H10.

Mr EH Lim, CEO of Avi-Tech Electronics Ltd, said, "Although the global economy is on the recovery path, consumer demand for electronic devices is still weak and investment in capital equipment and repair works by customers is still slow, reflecting the uncertain economic climate and consumer sentiment. We are, however, encouraged by the fact that both our Burn-in Services and Burn-in Boards and Boards Manufacturing business segments reported improvements in performance in 2Q10. In fact, our Burn-in Boards and Boards Manufacturing business segment alone, boosted by our activities in the US market, has seen revenue contribution improved by 44% for 1H10. We are confident that our Engineering Services business segment, especially in the area of medical and life sciences equipment, may show some improvement as well."

General Global Business Commentary

There are increasing signs of gradual improvement in the global economic climate. Nevertheless, the Group anticipates that the current business environment will remain challenging with volatility in foreign exchange rate, energy prices and raw material costs. Despite these obstacles, the Group's strong business fundamentals, robust cash position and healthy balance sheet should stand it in good stead to weather the current economic climate while allowing it to take advantage of any business opportunities should they arise.

Added Mr Lim, "Avi-Tech has remained profitable even during the crisis. We have laid strong foundation for each of our business segments, forging close customer relationships and expanding our product and service offerings across industries and markets. In the short term, we will maintain our financial prudence, keeping a healthy balance sheet, low gearing and a strong cash position. We will also focus on continued improvements in our internal processes, systems and operational capabilities, increase productivity and maintain our excellence in quality. We will, nonetheless, keep a lookout for future growth opportunities, pursuing synergistic mergers and acquisitions, alliances, collaborative partnerships and joint ventures, as well as exploring new projects with technology partners. We remain optimistic of the Group's long-term prospects for sustained revenue and profit growth."

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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 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 Manufacturing

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

Engineering Services

- 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 equipment

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 ("PRC"), 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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