

AVI-TECH ELECTRONICS LIMITED
Company Registration No. 19810597H
(the “Company”)

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF SGX-ST LISTING MANUAL

With effect from 3 September 2014, Avi-Tech Electronics Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) has been placed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Watch-List, pursuant to Rule 1311 of the SGX-ST Mainboard Listing Rules.

In accordance with Rule 1313(2), the Board of Directors of the Company would like to provide the following quarterly update on the Group.

1. Update on Financial Position and Outlook

The Group registered a 7.8% growth in revenue to \$7.2 million for the three months ended 30 September 2014 (“**1Q15**”), compared to \$6.7 million in the previous corresponding period (“**1Q14**”). The revenue was contributed mainly from the Burn-in Boards and Board Manufacturing business segment, which registered revenue of \$3.4 million in 1Q15 as compared to \$4.7 million in 1Q14. The Burn-in Services and Engineering Services business segments reported higher revenue of \$1.3 million and \$2.5 million respectively in 1Q15, as compared to \$1.0 million and \$1.0 million respectively in 1Q14.

The Group recorded a net profit attributable to shareholders of \$1.7 million in 1Q15, compared to a net loss attributable to shareholders of \$1.0 million in 1Q14. This favourable position for 1Q15 was mainly due the improvements registered from the process of discontinuing the operations of the US subsidiaries and the result of effective containment of administration expenses.

For 1Q15, the Group reported net cash and cash equivalents of \$22.0 million, as compared to \$6.9 million in 1Q14. The increase in cash and cash equivalents was mainly due to cash generated from the settlement of trade receivables as well as the withdrawals from fixed deposits with over three-month tenures upon maturity placed with financial institutions.

As at 30 September 2014, the Group reported a positive working capital position of \$29.0 million, as compared to \$28.0 million as at 30 June 2014. The Group maintains a healthy cash flow to meet its obligations and remains hopeful of continued positive performance based on the improvement shown by the Burn-in Services and Engineering Services business segments, and the progress achieved with the ongoing restructuring of the US subsidiaries.

2. Material Development and Future Direction

Through the restructuring of business activities and the process of discontinuing the operations of the US subsidiaries, the Company has contracted for the sales of impaired assets of the discontinued operations of the Camera Business and Life Science Business of Aplegen, Inc. (being one of the US subsidiaries of the Company), and expects to receive a further revenue of approximately US\$1 million, over FY2015.

With the restructuring of business activities and the process of discontinuing the operations of the US subsidiaries, the Group registered a better performance as compared to 1Q 2014. The Group is expected to receive further revenue with the sales of the impaired assets of Aplegen Inc. over FY2015.

The Group registered positive growth for 1Q15. As a result of the improvement achieved in the Burn-In Services and Engineering Services business segments and the progress on the restructuring of the US subsidiaries, the Group remains optimistic about the outlook for the rest of the year.

The Group will continue to strive for operational excellence in all areas by maintaining stringent cost control, raising productivity and improving operational efficiency, while proactively seeking opportunities for growth in the semiconductor industry to improve its future income streams.

The Company will endeavour to meet the requirements of Rule 1314 of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD

Lim Eng Hong
Chief Executive Officer
Director

10th November 2014