

Press Release

FOR IMMEDIATE RELEASE

AZTECH REGISTERED STRONG GROWTH IN ITS ELECTRONICS BUSINESS WITH OPERATING PROFITS, BUT REPORTS NET LOSS DUE TO NON-CASH CHARGES

- 9 months revenue of S\$244.3 million and net cash from operations of \$11.4 million before working capital movement
- 9 months operating profit of \$2.7 million, offset by \$10.3 million one off non-cash accounting charge
- Electronics division sees 73.3% revenue growth for 9 months period-to-period
- Group re-strategizes Marine and Material Supply sector, divest some excess assets and plan for assets light policy.

SINGAPORE, 23 October 2015 – Singapore Exchange Mainboard-listed Aztech Group Ltd (“Aztech”, and together with its subsidiaries, the “Group”) announced its financial results for the third quarter (“3Q2015”) and nine-months ended 30 September 2015 (“9M2015”).

Operating revenue and profit

The Group’s Electronics segment registered strong revenue growth of 73.3% for 9M2015. The increase in Electronics revenue resulted in the Group achieving a comparable revenue of \$244.3 million for 9M2015 vis-à-vis \$252.1 million for 9M2014, notwithstanding absence of significant contract awarded in the Marine and Material supply segment due to market over capacity and global slowdown in marine sector. The Group’s revenue for 3Q2015 was at \$74.7 million (3Q2014: \$79.3 million). Its gross profit margin was at 10.5% for 3Q2015, an improvement over the average of 9.7% over the last nine months in 2015.

Net operating profit for Electronics segment for 3Q2015 and 9M2015 were muted by fixed overhead and depreciation charges for its Marine and Material Supply segment. Consequently, the Group registered a net operating profit of \$0.5 million for 3Q2015 and

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Aztech Group

\$2.7 million for 9M2015 while maintaining a healthy positive cash flow from operations of \$11.4 million for 9M2015 (9M2014: \$13.2 million).

Group Net Loss after Tax due to One off Non-cash Accounting Charge

The Group registered a net loss after tax of \$9.8 million and \$7.6 million respectively for 3Q2015 and 9M2015 due to one off non-cash accounting charge of \$10.3 million which the Group booked in 3Q2015.

The one off non-cash accounting charge relates to non-cash mark-to-market for its hedging instrument, non-cash one off increase in impairment for inventory and non-cash impairment charge relating to 5 units of vessels that the Group is divesting for cash as part of the Group's asset light strategy for its Marine and Material Supply segment. The divestment of the 5 units of Group's vessels will further strengthen the Group's cash position (September 2015: \$30.1 million) by approximately another \$12 million when deliveries are completed in 4Q2015.

Financial Performance at a Glance

	3Q2015 (S\$'m)	3Q2014 (S\$'m)	Change (%)	9M2015 (S\$'m)	9M2014 (S\$'m)	Change (%)
Turnover	74.7	79.3	(5.8)	244.3	252.1	(3.1)
Gross Profit	7.8	8.7	(9.7)	23.6	26.3	(10.4)
GP Margin (%)	10.5%	11.0%	(0.5)	9.7%	10.4%	(0.7)%
Operating Profit before Tax and one-off non-cash charge	0.5	2.2	(77.3)	2.7	6.5	(58.5)
Unrealised mark-to-market CNY currency hedge	1.7	-	n.m.	1.7	-	n.m.
Writing down of inventory	6.5	-	n.m.	6.5	-	n.m.
Impairment on vessels	2.1	-	n.m.	2.1	-	n.m.
Net (Loss) Profit after Tax	(9.8)	2.0	n.m.	(7.6)	5.5	n.m.
Operating cashflow before movement in working capital	4.2	3.8	9.3	11.4	13.2	(13.6)

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Financial Resources at a Glance

	GROUP		COMPANY	
	30.09.15	31.12.14	30.09.15	31.12.14
	(in dollars)	(in dollars)	(in dollars)	(in dollars)
Cash Balance and Short Term Investment	35.8	25.0	14.7	9.8
Net Worth	76.4	86.4	92.3	72.1
Net Asset Value per Ordinary Share	1.57	1.78	1.90	1.48

The Group maintained a strong financial position with positive working capital of \$30.7 million and net positive asset position of \$76.4 as at 30 September 2015 and healthy current ratio and net debt to equity ratio at 1.23 and 0.59 respectively.

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About Aztech Group Ltd. ("Aztech")

Incorporated in 1986 and listed on the Main Board of the Singapore Exchange, Aztech is a dynamic international group with key activities in Electronics and LED Lighting Design & Manufacturing, Materials Supply, Marine Logistics and Food Business. The Group operates in seven countries over three continents.

For more information, please visit www.aztech-group.com

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