
AVI-TECH ELECTRONICS LIMITED
Company Registration No. 198105976H
(the “Company”)

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

With effect from 3 September 2014, the Company 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 Company, together with its subsidiaries (collectively, the “**Group**”).

1. Update on Financial Position and Outlook

The Group registered a 45.9% growth in revenue to \$6.9 million for the second quarter ended 31 December 2014 (“**2Q 2015**”), compared to \$4.7 million in the previous corresponding period (“**2Q 2014**”). The revenue was mainly contributed by the Burn-in Boards and Board Manufacturing business segment, which registered revenue of \$4.2 million in 2Q 2015 as compared to \$2.7 million in 2Q 2014. The Burn-in Services and the Engineering Services business segments reported higher revenue of \$1.5 million and \$1.2 million in 2Q 2015, as compared to \$1.2 million and \$0.8 million respectively in 2Q 2014.

The Group recorded a net profit attributable to shareholders of \$2.6 million in 2Q 2015, compared to a net loss attributable to shareholders of \$1.1 million in 2Q 2014. This favourable position for 2Q 2015 was primarily due to the improvement registered across all the business segments as well as the gain from disposal of assets of the discontinued operations, which was previously written off.

For 2Q 2015, the Group reported net cash and cash equivalents of \$7.0 million, as compared to \$5.9 million in 2Q 2014. The increase in cash and cash equivalents was mainly due to the proceeds from maturity of held-to-maturity investments and disposal of impaired assets of the discontinued operations, which was partially offset by the higher trade and other receivables.

As at 31 December 2014, the Group reported a positive working capital position of \$32.0 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 the Engineering Services business segments, and the progress achieved with the discontinuation of the operations of the US subsidiaries.

2. Material Development and Future Direction

The Group registered a profit of \$2.6 million for 2Q 2015, which was attributed to the better performance reported by all the three business segments namely, Burn-in Boards and Board Manufacturing, Burn-in Services and Engineering Services. This is in addition to the gain from disposal of the impaired assets of Aplegen, Inc (being one of the US subsidiaries of the Group).

The Group registered positive growth for 2Q 2015, which was driven by the recovering semiconductor industry and higher demand for electronic components in the automotive industry. The Group remains optimistic that if the demand for the Burn-in Boards and Board Manufacturing, Burn-In Services and Engineering Services business segments continues to improve, this may contribute to improving financial

performance for the Group.

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**

12 February 2015