

STRATECH SYSTEMS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No: 199608251Z)

UPDATE PURSUANT TO LISTING RULE 1313(2) FOR THE QUARTER ENDED 31 MARCH 2014 ("4Q2014")

The Company was included in the watch-list pursuant to Rule 1311 of the Listing Manual with effect from 5 June 2013.

In accordance with Listing Rule 1313(2) of the Listing Manual, the Board of Directors of the Company wishes to provide the following updates.

1. Financial Update

For 4Q2014, the Group recorded a Gross Profit of \$6.51 million and a Profit before tax of \$4.94 million, against a Gross Profit of \$2.35 million and Profit before tax of \$0.02 million for the previous quarter ended 31 December 2013 ("3Q2014"). The new contracts announced in 2Q2014 and 4Q2014, among others, contributed to the Group's revenue, which was derived from projects, maintenance contracts and sales of products.

The Administrative Expenses of \$1.26 million recorded for 4Q2014 continued to show a reducing trend, compared with FY2013 on a pro-rated basis. The Administrative Expenses for FY2014 amounted to \$4.51 million (FY2013: \$6.40 million).

The Group recorded Net Assets of \$5.95million as at 31 March 2014. The increase is attributable to profits recorded in 4Q2014.

2. Business Update

Resulting from the Group's continuing efforts to market and sell its products and capabilities globally, the Group succeeded in securing new contracts in FY2014, which included, among others, the contract to deploy its iFerret™ intelligent Airfield/Runway Surveillance and Foreign Object & Debris (FOD) Detection System for rapid airfield damage assessment in one of the world's top air forces, and the contract to install its iFerret™ for the Runway Debris Management System (RDMS) at Dubai International Airport in the United Arab Emirates, as previously announced.

Going forward, the Group will continue to engage potential customers such as airports of various countries, where discussions are on-going, and to build on its channel-partner network to grow its market reach globally for all of the Group's products and capabilities. The Group is currently in the midst of competing in and/or preparing for several tenders.

In view of the nature of its business, the Group may continue to experience delays in the issue of tenders and award of contracts, and there is inherent uncertainty of success due to competition.

Operationally, the Group will continue to focus on cost effectiveness and project execution to enhance its profit margin and cash flow, and to review the Group's structure to streamline and enhance its operations. The Group continues to be committed to seeking ways to monetise and unlock the full potential and value of its trove of intellectual properties.

By Order of the Board
Leong Sook Ching
Company Secretary
28 May 2014