



**AVI-TECH ELECTRONICS LIMITED**

19A Serangoon North Avenue 5 Singapore 554859  
Tel: (65) 6482 6168 Fax: (65) 6482 6123  
Website: <http://www.avi-tech.com.sg>

## **Avi-Tech achieves eight consecutive quarters of profitability through sustained growth**

- **Group continues on its growth trajectory in FY2016 with 71.4% jump in profit from continuing operations to S\$6.4 million and revenue increase of 19.5% to S\$33.9 million; gross profit margin also improved by 8.1 percentage points to 32.3%**
- **Proposed final dividend of 1.0 cent per share; cumulative FY2016 dividend of 1.8 cents which translates to dividend yield of 7.8% for FY2016**
- **Applying to exit from SGX watch-list as soon as practicable**

Singapore, 12 August 2016 – Avi-Tech Electronics Limited (“Avi-Tech” or “the Group”), a total solutions provider for burn-in services, burn-in board manufacturing and PCBA services and engineering services for the semiconductor, electronics and life sciences industries, capped off its financial year ended 30 June 2016 (“FY2016”) with another strong quarter of profitability, cash flow and business performance.

### **Results Highlights: Strong Fourth Quarter and Full-Year Performance**

For the fourth quarter ended 30 June 2016 (“4Q2016”), the Group’s revenue increased by 13.0% to S\$9.3 million (4Q2015: S\$8.2 million) which was due primarily to the Burn-In Boards and Board Manufacturing business segment which contributed revenue of S\$4.2 million, a 27.3% increase from S\$3.3 million in 4Q2015. Revenue for FY2016 grew 19.5% to S\$33.9 million (FY2015: S\$28.4 million) which was attributable to the Burn-In Services and Engineering Services business segments which brought in higher revenue of S\$9.0 million (FY2015: S\$6.7 million) and S\$ 11.3 million (FY2015: S\$7.9 million) respectively.

On the back of the revenue increase, coupled with the ongoing cost control measures and productivity enhancements across all business segments, gross profit and gross profit margin also increased. 4Q2016 gross profit rose 27.4% to S\$2.8 million (4Q2015: S\$2.2 million) while gross profit margin increased to 29.6% from 26.3%. For FY2016, gross profit climbed 59.2% to S\$11.0 million (FY2015: S\$6.9 million) with gross profit margin up by 8.1 percentage points to 32.3% from 24.2%.

Profitability wise, profit from continuing operations surged by nearly a three-fold increase to S\$1.4 in 4Q2016 (4Q2015: S\$0.5 million) and was 71.4% higher in FY2016 at S\$6.4 million (FY2015: S\$3.7 million). In spite of having no further gains being registered in the discontinued operations of the US subsidiaries and foreign exchange rates contributing to higher administration expenses, 4Q2016 net profit was higher at S\$1.4 million (4Q2015: S\$0.3 million) while FY2016 net profit came in slightly lower at S\$6.2 million (FY2015: S\$6.6 million).

The Group's strong performance was similarly reflected in its balance sheet. The Group's total assets stood at S\$52.7 million, which included cash and bank balances of S\$3.8 million, fixed and call deposits of S\$23.8 million and held-to-maturity financial assets of S\$1.8 million, while its total liabilities were S\$7.4 million. Net asset value per share was 26.5 cents and the Group maintained a positive working capital position of S\$30.9 million.

In terms of cash flows, the Group generated net cash from operating activities of S\$8.0 million in FY2016 which was due primarily to higher profit generated from continuing operations. Net cash used in investing activities was S\$8.4 million mainly due to the purchase of held-to-maturity investments and fixed deposits placed with financial institutions, while net cash used in financing activities was S\$5.5 million due primarily due to dividend pay-out and bank loan repayment. The Group closed the period with a cash position of S\$6.5 million and bank borrowings of S\$1.0 million.

## **CEO'S Commentary**

Mr Lim Eng Hong, CEO of Avi-Tech Electronics Limited said, "From the time we commenced our restructuring in the last quarter of FY2014, the Group has made an excellent recovery and has since sustained eight consecutive quarters of profitability. With our strong year-end finish, we are pleased to announce that subject to finalisation of the audited financial statements for FY2016 and the Company meeting the relevant requirements under the Listing Manual, we intend to submit an application for removal from the SGX-ST watch-list."

"It has been an arduous journey and we are grateful to our shareholders for their continued support as well as to our management for their disciplined execution and to our staff for their hard work. In the process of turning around the Group, the staff worked tirelessly to grow sales while Management stayed lean, implementing and overseeing productivity enhancements."

"Balancing our commitment to the need to continue to invest in our business for growth and to reward shareholders in the form of dividends and taking into account growth, capital expenditure plus investment and strong cash position, the Board is proposing a final dividend of 1.0 cent per share for FY2016. Subject to shareholders' approval at the forthcoming annual general meeting, including the final dividend proposed, we would have declared a total of 1.8 cents per share for FY2016 (interim dividend of 0.8 cents per share for the second quarter of FY2016) which translates to a dividend yield of 7.8% on 23 cents per share as of 30 June 2016<sup>1</sup>, at the close of FY2016."

"As we look ahead to FY2017, the global economic climate continues to remain bleak and Singapore's growth has been forecasted to slow down to 1.7% this year<sup>2</sup>. In spite of the challenging economic outlook, the Group remains optimistic of the continued positive performance while we continue to strengthen our core businesses and explore investments in businesses that will support our growth, capitalising on the longer-term opportunities that may

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<sup>1</sup> Share Price

Source: <https://sg.finance.yahoo.com/q/hp?s=CT1.SI>

<sup>2</sup> Singapore growth to pick up in 2017, but weak global outlook a risk: IMF

Source: <http://www.businesstimes.com.sg/government-economy/singapore-growth-to-pick-up-in-2017-but-weak-global-outlook-a-risk-imf>

be afforded by growth catalysts such as driver-less automotive and other disruptive technologies arising from the Internet of Things. With our foundations in place, fortified by our experiences, we believe we can build an even stronger and more competitive company for 2017 and beyond.”

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*This press release is to be read in conjunction with Avi-Tech's announcement posted on the SGXNET on 12 August 2016.*

For more information on Avi-Tech Electronics Limited, please visit <http://www.avi-tech.com.sg/>

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 are based on current view of management on future events.

**Issued by 29 Communications LLP on behalf of Avi-Tech Electronics Limited**

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**Media & Investor Relations Contact:**

Lim Siew Yin/ Angelina Pereira  
29 Communications LLP  
Mobile: (65) 9858 4673/ (65) 9191 4756  
Email: [siewyin@29communications.com.sg](mailto:siewyin@29communications.com.sg)/ [angiep@29communications.com.sg](mailto:angiep@29communications.com.sg)