

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 10.7% growth in revenue to \$8.0 million for the first quarter ended 30 September 2015 ("**1Q 2016**"), as compared to \$7.2 million in the previous corresponding period ("**1Q 2015**"). The Burn-In Services and the Engineering Services business segments reported higher revenue of \$2.2 million and \$3.0 million respectively in 1Q 2016, as compared to \$1.3 million and \$2.5 million respectively in 1Q 2015. The Burn-In Boards and Board Manufacturing business segment, which continues to contribute steadily to the Group's revenue in 1Q 2016, registered a slight decrease in revenue from \$3.4 million in 1Q 2015 to \$2.8 million in 1Q 2016. Overall, the Group registered improved performance in 1Q 2016 in comparison to 1Q 2015.

The Group recorded a net profit attributable to shareholders of \$1.8 million in 1Q 2016, as compared to \$1.7 million in 1Q 2015 with operating profit (profit before income tax) of \$2.3 million and \$0.7 million respectively. The increase in profit for the comparative periods was attributed to the higher revenue achieved by each business segment which contributed relatively equal proportional sales, while at the same time registering higher gross profit margin. The improved performance was also enhanced by the reduction in administrative expenses attributable to favourable foreign exchange gain, as well as on-going cost control measures.

For 1Q 2016, the Group reported net cash and cash equivalents of \$8.5 million, as compared to \$22.0 million in 1Q 2015. The decrease in cash and cash equivalents was mainly due to the dividend payout in 4Q 2015 and the fixed deposits with over three-month tenures placed with financial institutions, which was partially offset by profits generated during the period.

As at 30 September 2015, the Group reported a positive working capital position of \$33.3 million, as compared to \$32.3 million as at 30 June 2015. The Group maintains a healthy cash flow to meet its obligations and remains hopeful of continued positive performance based on the improvements shown by all the business segments.

2. Material Development and Future Direction

The Group continues to report positive growth and registered a profit of \$1.8 million in 1Q 2016, with an operating profit (profit before income tax) of \$2.3 million. This is the Group's fifth consecutive positive quarterly performance.

The Group, having registered five consecutive quarters of profit, remains optimistic of continuing the steady positive performance. The Group is hopeful of continued improved performance across all the business segments.

The Group will continue to leverage on its core competencies and capabilities to search for new revenue stream and to expand its customer base. In addition, the Group continues to pursue operational excellence by maintaining stringent cost control measures, increasing productivity and maintaining a robust financial position so as to support any potential initiatives for growth. At the same time, the Group will proactively seek new areas of partnership and opportunity to grow its businesses, such as mergers and acquisitions, with the aim of ultimately providing greater returns to the shareholders.

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 November 2015