

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 DECEMBER 2014 ("3Q2015")

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 3Q2015, the Group recorded revenue of S\$1.32 million and net loss of S\$1.82 million, against revenue of S\$5.66 million and net loss of S\$0.76 million for the previous quarter ended 30 September 2014 ("2Q2015"). The decrease in revenue is in line with the delivery milestones of existing contracts.

The administrative expenses of S\$1.27 million recorded for 3Q2015 increased marginally compared with FY2014, on a pro-rated basis (administrative expenses were S\$4.48 million for FY2014). This is mainly due to increase in professional fees incurred relating to the announced proposed restructuring exercise.

The other operating expenses of S\$0.45 million recorded for 3Q2015 continued to show a reducing trend, compared with FY2014 on a pro-rated basis (other operating expenses were S\$2.87 million for FY2014). The decrease in other operating expenses is due to reduction of amortisation expenses as certain intangible assets have since been fully amortised.

The group's net assets stood at S\$4.21 million as at 31 December 2014.

2. Business Update

The Group continues 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 awaiting the results of tenders submitted and has recently secured at least one tender. The Group will be making the appropriate announcement in due course.

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

By Order of the Board
Leong Sook Ching
Company Secretary
13 February 2015