

STRATECH SYSTEMS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No: 199608251Z)

UPDATE PURSUANT TO LISTING RULE 1313(2) FOR THE QUARTER ENDED 30 JUNE 2014 ("1Q2015")

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

The Group has continued to record Net Profit for the third consecutive quarter, from 3Q2014 (4Q2014: \$4.94 million and 3Q2014: \$0.02 million).

In 1Q2015, the Group recorded Gross Profit of \$3.24 million and Net Profit of \$0.88 million, against Gross Profit of \$0.13 million and Net Loss of \$1.98 million for the comparative quarter ended 30 June 2013 ("1Q2014"). The contracts announced in 2Q2014 and 4Q2014, among others, contributed to the Group's financial results.

The Administrative Expenses of \$1.41 million recorded for 1Q2015 increased compared with FY2014, on a pro-rated basis (Administrative Expenses were \$4.48 million for FY2014). The increase was mainly due to higher level of business activities.

The Other Operating Expenses of \$0.66 million recorded for 1Q2015 continued to show a reducing trend, compared with FY2014 on a pro-rated basis (Other Operating Expenses were \$2.87 million for FY2014).

The Group's Net Assets stood at \$6.84 million as at 30 June 2014. The increase is attributable to profits recorded in 1Q2015.

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 in the midst of preparing for several tenders.

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
12 August 2014