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Avi-Tech returns to profitability in 2Q15 with earnings of S\$2.6 million

- **Group is back in the black, supported by improved results across all business segments and gain from disposal of assets of discontinued operations in US which was previously written-off**
- **Interim dividend of 0.3 cents per share declared**

Singapore, 12 February 2015 – Avi-Tech Electronics Limited (“Avi-Tech” or “the Group”), a total solutions provider for Burn-In, engineering and manufacturing services for the semiconductor, electronics and life sciences industries, is pleased to announce its return to profitability for the second quarter ended 31 December 2014 (“2Q15”).

Results Summary: Improved Results across All Business Segments

During the quarter, the Group’s revenue increased to S\$6.9 million, up 45.9% from S\$4.7 million reported in the previous corresponding period (“2Q14”). The growth was primarily driven by the Burn-in Boards and Board Manufacturing business segment, which registered revenue of S\$4.2 million in 2Q15 as compared to S\$2.7 million in 2Q14. The Burn-in Services and the Engineering Services business segments also reported higher revenue of S\$1.5 million and S\$1.2 million in 2Q15, as compared to S\$1.2 million and S\$0.8 million respectively in 2Q14.

With the growth in revenue coupled with tight cost control measures and productivity enhancement efforts, the Group’s gross profit grew to S\$1.6 million for 2Q15, which was more than double that of S\$0.7 million registered for 2Q14. Gross profit margin also improved significantly from 14.9% in 2Q14 to 22.6% in 2Q15.

In terms of bottom line performance for 2Q15, the Group reported S\$2.6 million in net profit attributable to shareholders, signifying a key turnaround point for Avi-Tech as it resumed profitability. This was mainly due to favourable results achieved across all business segments, further boosted by gains from disposal of assets of the discontinued operations in US (which was previously written-off), as well as lower administrative expenses and favourable exchange rates for the Group’s overseas activities.

As at 31 December 2014, the Group maintained a positive working capital position of S\$32.0 million (30 June 2014: S\$28.0 million) which included net cash and cash equivalents of S\$7.0 million. The solid balance sheet translated into net asset value per share of 12.33 cents as at 31 December 2014, compared to 11.25 cents as at 30 June 2014.

With the Group’s return to profitability, the Board has declared an interim dividend of 0.3 cents per share.

CEO Commentary: Looking Ahead

Commenting on the results, Lim Eng Hong, CEO of Avi-Tech said, “With the discontinued operations of our two US subsidiaries in the Imaging Equipment and Energy Efficient Products business segment which began in 4Q14 and the improved performance across all our business segments, the Group has made good progress in turning around our operations and made the transition from loss-making to profitability. We have hence declared an interim dividend for 2Q15 after a hiatus of more than three years and like to thank our shareholders for their patience, confidence and continued support. We will continue to evaluate future opportunities to recommend and declare further dividends, taking into consideration our profitability, the level of our cash and retained earnings, our expected financial performance and financial condition and the projected levels of capital expenditure and other investment plans.”

“We remain optimistic of our continued improving performance, provided that the semiconductor industry continues its uptrend with resultant increase in demand for electronics components in the automotive sector.

“Avi-Tech will continue to actively look out for various growth opportunities, including mergers and acquisitions, to propel the Group in the best interest of shareholders. Internally, the Group remains prudent on cost management to maximise operational efficiencies.”

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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.

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

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