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For Immediate Release

Avi-Tech continues to achieve profitable growth with earnings of S\$1.9 million in 3Q15

- **Sustained three consecutive quarters of profitability**
- **Group remains optimistic of continued growth with possible consideration of final dividend**

Singapore, 12 May 2015 – Mainboard-listed 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, continued its strong transition to profitability for the third quarter (“3Q15”) and nine months (“9M15”) ended 31 March 2015.

Results Summary: Higher Revenues, Profits and Margins on the back of Strong Business Segmental Performances and Effective Productivity Enhancing Measures

The Group’s revenue increased by 17.6% to S\$20.2 million in 9M15 as compared to the same period last year. The growth was mainly attributed to improved performances from all the business segments, led by the Burn-In Boards and Board Manufacturing business segment which registered higher revenue of S\$10.5 million in 9M15 (S\$10.2 million in 9M14). The Burn-in Services and the Engineering Services business segments also reported higher revenue of S\$4.5 million and S\$5.2 million respectively in 9M15 (S\$3.3 million and S\$3.6 million respectively in 9M14).

In 3Q15, revenue increased by 5.8% to S\$6.1 million as compared to S\$5.7 million over the corresponding period last year, driven once again by the Burn-In Boards and Board Manufacturing business segment which reported revenue of S\$2.8 million. The Burn-In Services business segment registered S\$1.8 million revenue in 3Q15 (S\$1.1 million in 3Q14), while the Engineering Services business segment experienced lower revenue of S\$1.5 million (S\$1.8 million in 3Q14).

As a result of higher revenue for the periods under review, the Group’s gross profit increased by 77.4% to S\$4.7 million and 167.0% to S\$1.8 million over 9M15 and 3Q15 respectively. Coupled with effective productivity enhancement and cost control measures across all the business segments, the Group achieved gross profit margins of 23.4% and 31.0% in 9M15 and 3Q15 respectively, which are significant improvements from 15.5% and 12.3% over the same periods last year.

The Group’s 9M15 net profit attributable to shareholders was S\$6.3 million, a resounding return to profitability from a loss of S\$2.9 million in 9M14, while net profit for 3Q15 was S\$1.9 million

as compared to a loss of S\$0.8 million in 3Q14. The positive results were driven by increased revenue, improved operational efficiencies, effective cost control measures, reduced administrative cost (contributed by favourable exchange rates), as well as the gains registered from the sales of impaired assets of the discontinued operations of the US subsidiaries.

The Group's balance sheet remained steady with a positive working capital of S\$32.1 million as at 31 March 2015 (30 June 2014: S\$28.0 million) and cash and cash equivalents of S\$11.0 million. Net asset value per share was 12.47 cents as at 31 March 2015, as compared to 11.25 cents as at 30 June 2014.

CEO Commentary: Looking Ahead

Mr Lim Eng Hong, CEO of Avi-Tech Electronics Limited said, "We are pleased with the continued turnaround of the Group due to the improved performance of our three business segments and the discontinued operations of our two US subsidiaries. Backed by the consistent performance of the Burn-In Boards and Board Manufacturing business segment and the improved performance of other business segments, we are optimistic of Avi-Tech's continued revenue growth, especially with the indication of increased demand for the Burn-In Services business segment."

"We will continue to maintain a tight rein over our expenditure and keep on improving our operations, in particular, our efforts at enhancing productivity. At the same time, we will proactively seek new growth areas with the ultimate aim of benefiting shareholders."

"Having announced on 12 February 2015 our intention to pay an interim dividend of 0.3 cent per share, which we will be paying out on 20 May 2015, the Management and the Board will evaluate the possibility of recommending a final dividend payment if 4Q15 is profitable or if the full-year closes with respectable profit."

Future Mandates to Be Sought

i) Share Consolidation

In addition to the announcement of the Group's 3Q15 and 9M15 financial results, the Group also notes that there is reason to consider undertaking a share consolidation exercise in the near future in order to comply with the Singapore Exchange Securities Trading Limited's new requirement for Mainboard-listed companies to have a minimum trading price per share of at least S\$0.20, after taking into consideration the Company's current trading price of close to S\$0.10. The Board will be seeking shareholders' approval to undertake a share consolidation exercise at an extraordinary general meeting to be held in October 2015 (the "EGM"). The details of the share consolidation ratio, which would likely be 2 to 3 (or such number as may be determined by the Board) existing shares in the share capital of the Company to one consolidated share based on the information available to the Company at this moment, are currently being reviewed and the shareholders will be informed of the details in due course.

ii) Share Buyback Mandate

The Board will also be seeking shareholders' approval to obtain a share buyback mandate at the EGM. Given that the current trading price of the Company's shares is below the net asset value per share of approximately S\$0.1247 (as at 31 March 2015), the share buyback mandate will provide an avenue for the Board to enhance the return on equity of the Group. It will provide the Board with greater flexibility in managing the Company's capital structure with a view to maximising shareholder returns and facilitating the return of surplus cash to shareholders in an expedient and cost-efficient manner. In determining whether to purchase the Company's shares, the Board will weigh all competing needs for the use of cash resources, such as the payment of dividends, operational requirements and expansion plans (if any).

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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-looking statements as they are based on the current views of the Management on future events.

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

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