

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 14.1% growth in revenue to \$7.9 million for the second quarter ended 31 December 2015 ("**2Q 2016**"), as compared to \$6.9 million in the previous corresponding period ("**2Q 2015**"). The relatively higher revenue contributed by the Engineering Services business segment from \$1.2 million in 2Q 2015 to \$2.7 million in 2Q 2016 reflects the improved performance of the Group.

The Group recorded a net profit attributable to shareholders of \$1.7 million in 2Q 2016, as compared to \$2.6 million in 2Q 2015. The decrease in profit for the comparative periods was a result of no further gains being registered in the discontinued operations of the US subsidiaries, and foreign exchange rates contributing to higher administration expenses. Nonetheless, the profit for continuing operations had increased in the comparative periods due to the higher revenue and improved gross profit margins across the business segments. Overall, the Group registered positive profit for the comparative periods.

For 2Q 2016, the Group reported net cash and cash equivalents of \$8.7 million, as compared to \$7.0 million in 2Q 2015. The increase in cash and cash equivalents was mainly due to the higher profit generated in the continuing operations, which was partially offset by the decrease in trade and other receivables.

As at 31 December 2015, the Group reported a positive working capital position of \$31.7 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 registered a profit of \$3.4 million for the first six months ended 31 December 2015. This sixth consecutive positive quarterly performance was driven by the continuing operations which generated higher revenue and gross profit margin.

The Group will continue to work towards profitability, and is optimistic of maintaining long term sustainability and growth.

The Group remains committed to optimizing its core competences, ongoing strategic cost management and productivity enhancement across the business segments. The Group will continue to seek for new areas of growth such as through partnership, mergers and acquisitions, or any structure or business which will enhance shareholder returns.

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 February 2016