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SGX-Listed InnoTek Reverses Losses To Post FY'13 Profit; Proposes 1.0 Cent Dividend

S$ Million	Q4'13	Q4'12	Q4'13 vs Q4'12	Change %	FY'13	FY'12	FY'13 vs FY'12	Change %
Continuing Operations								
Turnover	63.9	51.7	12.2	23.5	246.9	258.8	(11.9)	(4.6)
Net (Loss) / Profit								
MSF Net (Loss) / Profit	(3.7)	(8.4)	4.7	55.6	(8.4)	(17.1)	8.7	51.1
MSF – Gain on disposal of HK premises	-	-	-	-	7.9	-	7.9	NM
MSF – Loss from disposal of MICL	-	-	-	-	-	(0.6)	0.6	NM
Corporate Profit/(Loss)	1.4	(0.0)	1.4	NM	1.4	(0.8)	2.2	NM
Total	(2.3)	(8.4)	6.1	72.4	0.9	(18.5)	19.4	NM
Basic EPS (cents)	(1.04)	(3.75)	2.71	72.3	0.41	(8.25)	NM	NM

NM – Not Meaningful
MICL refers to Mansfield Industrial Co. Ltd
MSF refers to Mansfield Manufacturing Company Limited

SINGAPORE, 25 February 2014 – **InnoTek Limited** ("**InnoTek**" or the "**Group**") announced today a net profit of S$0.9 million for the financial year ended 31 December 2013 ("FY'13"), reversing a loss of S$18.5 million in FY'12, and proposed a final dividend of 1.0 cent per share, unchanged from a year ago.

The SGX Mainboard-listed precision metal components specialist said the positive swing of S$19.4 million was mainly due to consolidation and restructuring efforts and a one-off gain on disposal of its Hong Kong premises.

InnoTek said its FY'13 revenue from continuing operations declined to S$246.9 million from S$258.9 million in FY'12 as sales in the Precision sub-assembly segment slowed to S$17.8 million from S$21.3 million, mitigated by a S$5.9 million increase in revenue from the Precision Components and Tooling businesses to S$225.6 million.

The revenue decline was due to slower growth in China and the long drawn political tension between Japan and China which affected Mansfield major Japanese customers. FY'13 revenue also excludes contribution from Mansfield Industrial Co. Ltd ("MICL"), which was disposed of in 2012 and accounted for S$5.0 million of FY'12 revenue.

Gross profit margin for the Group's wholly-owned Mansfield Manufacturing Company Ltd ("MSF") rose to 12.1% from 11.3% in FY'12 on improved efficiency following consolidation and restructuring efforts implemented in FY'12 despite higher salaries due to further minimum wage adjustments in Q2'13.

The bottom-line was also affected by retrenchment expenses and provision for impairment of certain equipment. These were offset by lower administrative expenses of S$6.8 million after two plants in Dongguan were consolidated in FY'12 and capacity of a plant in Suzhou was freed up.

The operating loss in FY'13 declined to S$8.4 million from S$17.1 million a year ago. After operational streamlining in July 2013 which resulted in the disposal of its Hong Kong premises, the Group recognised a one-off gain of S$7.8 million in Q3'13 from this disposal and this lifted the Group's bottom-line.

The Group recorded corporate gain of S$1.4 million in FY'13, reversing a loss of S$0.8 million a year ago. This gain was mainly due to a reversal of a tax provision of S$1.3 million in Q4'13 and an exchange gain of S$0.6 million.

InnoTek's cash position remains healthy at S$17.7 million or 7.92 cents per share, comprising cash and cash equivalents of S$27.8 million less total borrowings of S$10.1 million as at 31 December 2013.

The Group's Q4'13 revenue from continuing operations increased 23.5% to S$63.9 million from S$51.7 million in Q4'12, as revenue from the Precision Components and Tooling businesses rose S$13.3 million to S$60.8 million, offset by decline in revenue from the Precision sub-assembly segment by S$1.1 million to S$3.1 million.

Apart from the revenue growth, loss for Q4'13 reduced by S$6.1 million to S$2.3 million from S$8.4 million in Q4'12 due mainly to the gross profit margin improvement of 4.5% to 10.1%, as well as lower total expenses in Q4'13.

Earnings per share for FY'13 was 0.41 cent versus a loss of 8.25 cents in FY'12. Net asset backing per share as at 31 December 2013 increased to 72.6 cents compared to 70.0 cents as at 31 December 2012.

Despite the operational loss in FY'13, the Group remains committed to maintaining shareholder value and has proposed a first and final one-tier tax exempt dividend of 1.0 cent per share to be funded by proceeds from the one-off gain on disposal of the Hong Kong premises.

Commenting on the results, Group Managing Director, Mr. Yong Kok Hoon, said: "The sharp reversal to profit despite very challenging conditions underscores the success of our continuing efforts to consolidate and restructure our operations."

Rising costs and a strong Renminbi continue to impact China's manufacturing sector at a time when more Japanese brands are shifting manufacturing activities out of China to South-East Asia and China's economy transforms from dependence on exports to domestic consumer demand.

"To reduce dependence on Japanese customers the Group is aggressively seeking out local Chinese brands which are racing to compete with international brands. Apart from diversifying our customer base we will continue to improve our internal efficiencies," Mr. Yong added.

In light of the above factors, the Group continues to streamline operations so as to achieve better cost efficiencies.

End of Release

About InnoTek Limited

Singapore Exchange Mainboard-listed InnoTek Limited (together with its subsidiaries "the Group") is a precision metal components manufacturer, serving the consumer electronics, office automation and automotive industries.

With five manufacturing facilities in the PRC, the Group's wholly owned subsidiary, Mansfield Manufacturing Company Limited ("MSF"), provides precision metal stamping, commercial tool and die fabrications and sub-assembly works to a strong and diversified base of Japanese and European end-customers.

For more information, visit: www.innotek.com.sg

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