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SGX-Listed InnoTek Announces Q4'14 Results

SINGAPORE, 27 February 2015 – SGX Mainboard-listed precision metal specialist **InnoTek Limited** ("InnoTek" or the "Group") announced its financial results for the three-months ("Q4'14") and financial year ended 31 December 2014 ("FY'14").

Weaker performance from all business segments led to a decline in revenue of S$5.3 million or 8.3% to S$58.6 million in Q4'14 from S$63.9 million in Q4'13.

Revenue from the Tooling and Precision segments was affected by lower demand. This was offset by higher revenue from the Precision sub-assembly segment, which commenced mass production of TV frames to a new non-Japanese customer in Q4'14.

The Group also recognized an impairment loss of S$16.7 million in Q4'14 as compared to S$1.3 million in Q4'13, following a write down of its fixed assets in a Mansfield subsidiary – within the stamping component segment – which had been loss making.

Net loss for Q4'14 (excluding the non-cash impairment loss of S$16.7 million) lowered to S$1.0 million as compared to S$2.3 million in Q4'13.This mitigated by gains of nearly S$1.0 million from higher exchange gain as a result of stronger U.S. and Hong Kong dollars, higher fair-value gain on investment property and net gain from sales of Sabana Reits shares.

Loss per share for Q4'14 was 7.93 Singapore cents while net asset backing per share as at 31 December 2014 stood at 58.6 Singapore cents.

For the financial year ended 31 December 2014 ("FY'14"), the Group recorded revenue of S$225.6 million in FY'14 as compared to S$246.9 million in FY'13.

Net loss after tax increased to S$11.5 million in FY'14 from S$6.9 million in FY'13 (before non-cash impairment in FY'14 and FY'13, reversal of excess tax provision and one-time gain from disposal of the Hong Kong premise in FY'13). The higher loss was the result of lower revenue, start-up cost from the Precision sub-assembly segment and restructuring costs amounting to S$1.0 million in FY'14. This was mitigated by a net gain of S$1.3 million following the Group's decision to dispose of its SGX-listed Sabana Reits share to diversify into various investment instruments.

Despite the higher loss, InnoTek's net cash position remains healthy at S$14.2 million, comprising total cash balance of S$24.3 million less total borrowings of S$10.1 million, as at 31 December 2014.

Executive Director of InnoTek, Mr. Peter Tan Boon Heng, said, "The Group continues to face dynamic challenges in the office automation and TV markets. While the TV market in China continues to offer manufacturing opportunities, margins continue to be negatively impacted by the RMB denominated operating environment. This is not expected to go away soon."

The Group had established a joint venture ("JV") on 29 October 2014 with China's fourth-largest TV manufacturer, Konka Group, to increase its exposure in the local Chinese TV market. The Group will relocate its fully automated precision metal stamping line from its Suzhou facility to the JV, as well as commence production by 1H'15, with financial recognition expected to increase incrementally from 2H'15.

"Amidst these challenges, we have been refocusing on our core tool and die technical capabilities. We remain committed to enhancing the quality, cost control and turnaround times at our dedicated tooling facility in Guangdong, China. These improved tooling capabilities will also enhance the Group's positioning for projects in the automotive sector," Mr. Tan added.

The automotive sector in China remains healthy and InnoTek will continue to increase business activities in this segment amidst slower demand from its other two segments.

While the first half of the financial year (January-June) is seasonally weaker due to the Lunar New Year and May Labour Day holiday breaks, it anticipates a sustainable but flat run-rate for the top line. However, with ongoing improvements in operational cost and efficiency, bottom line performance is expected to improve over 2H FY2014.

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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