InnoTek Limited

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InnoTek Posts 1Q'17 Profit Of S$2.5M, Reversing $0.5M Loss In 1Q'16; GP Margin Higher Despite Lower Revenue

S$'000	1Q'17	1Q'16	Change %
Revenue	51,084	52,961	(3.5)
Gross Profit	9,710	8,027	21.0
Gross Profit Margin (%)	19.0	15.2	3.8 ppt*
Net Profit/(Loss)	2,546	(508)	NM**
Earnings/(Loss) Per Share	1.14	(0.23)	NM**

*Percentage Points
**Not Meaningful

SINGAPORE, 28 April 2017 – InnoTek Limited ("InnoTek" or the "Group") announced today a net profit of S$2.5 million for the three months ended 31 March 2017 ("1Q'17"), marking its fourth consecutive quarter of profitability driven by various restructuring efforts over the past year and a half to improve operational efficiency.

The SGX Mainboard-listed precision metal components manufacturer managed to boost earnings despite a 3.5% drop in revenue to S$51.1 million from S$53.0 million a year earlier ("1Q'16").

The lower revenue was largely due to the allocation of new office automation production programmes to their own plants outside China by some Japanese clients. Automotive product sales also declined as certain programmes were near their end-of-life cycles while newly secured programmes had just started.

Cost of sales decreased 7.9% to S$41.4 million in 1Q'17 from S$44.9 million in 1Q'16 as depreciation and salaries were lower. Other expenses declined 67.6% to S$0.7 million from S$2.1 million in 1Q'16 due to a lower net fair value loss on held-for-trading investments and a smaller foreign-exchange loss.

Gross profit ("GP") for 1Q'17 rose 21% to S$9.7 million from S$8.0 million for 1Q'16, due to better operational efficiency and cost-containment measures. GP margin improved to 19.0% from 15.2% over the respective periods.

Cash and short term deposits amounted to S$34.2 million as at 31 March 2017, up 13.7% from S$30.1 million as at 31 December 2016, due to positive cash generated from operations.

Basic earnings per share for 1Q'17 came in at 1.14 Singapore cents, compared to a loss per share of 0.23 Singapore cent in 1Q'16. Net asset backing per share slipped marginally to 55.7 Singapore cents as at 31 March 2017 from 55.8 Singapore cents as at 31 December 2016 as a result of a foreign-exchange translation loss.

"The Group's continued profitability underscores the success of our restructuring efforts. Even as we continue to review and fine-tune our operations to sustain this momentum, we will explore new geographical markets to expand our business," said Mr. Lou Yiliang, Chief Executive Officer of InnoTek.

As announced on 12 April 2017, InnoTek recently set up a wholly-owned subsidiary in Thailand to manufacture and sell metal stamping, tooling, plastic injection and related products for the office automation and automotive industry.

End of Release

About InnoTek Limited

Singapore Exchange Mainboard-listed InnoTek Limited ("InnoTek" or "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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