



InnoTek Limited
(Company Reg. No. 199508431Z)

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1 , Q2 & Q3), HALF-YEAR and FULL YEAR RESULTS

1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the Third Quarter ended 30 September 2014

Group	Note	Quarter Ended 30-Sep		YoY Change %	9 Months Ended 30-Sep		YoY Change %
		2014 S\$'000	2013 S\$'000		2014 S\$'000	2013 S\$'000	
Revenue		58,058	66,676	(12.9)	167,021	183,058	(8.8)
Cost of sales	1(a)(i)(a)	(52,204)	(59,693)	(12.5)	(151,944)	(159,670)	(4.8)
Gross Profit		5,854	6,983	(16.2)	15,077	23,388	(35.5)
Other items of expense							
Selling and distribution		(1,117)	(1,028)	8.7	(3,185)	(2,861)	11.3
Administrative expense	1(a)(i)(b)	(8,943)	(10,019)	(10.7)	(25,038)	(28,040)	(10.7)
Finance cost		(54)	(48)	12.5	(188)	(193)	(2.6)
Other expenses	1(a)(i)(c)	(100)	(134)	(25.4)	(665)	(223)	198.2
Total other item of expenses		(10,214)	(11,229)	(9.0)	(29,076)	(31,317)	(7.2)
Other items of income							
Interest income		87	43	102.3	289	179	61.5
Other income	1(a)(i)(d)	1,582	8,965	(82.4)	4,492	11,356	(60.4)
Total other items of Income		1,669	9,008	(81.5)	4,781	11,535	(58.6)
(Loss)/Profit before taxation and non-controlling interest		(2,691)	4,762	NM	(9,218)	3,606	NM
Tax expense		(152)	(130)	16.9	(1,305)	(393)	232.1
(Loss)/Profit , net of tax		(2,843)	4,632	NM	(10,523)	3,213	NM
Other comprehensive income :							
Foreign currency translation		3,079	(252)	NM	(680)	5,922	NM
Realisation of fair value gain		(1,109)	-		(1,338)	-	
Net gain on fair value changes of available-for-sale financial assets		(245)	(1,200)	(79.6)	(792)	(975)	NM
Other comprehensive income , net of tax		1,725	(1,452)	NM	(2,810)	4,947	NM
Total comprehensive income for the period		(1,118)	3,180	NM	(13,333)	8,160	NM
(Loss)/Profit attributable to :							
Owners of the parent		(2,844)	4,650	NM	(10,485)	3,250	NM
Non-controlling interests		1	(18)	NM	(38)	(37)	2.7
(Loss)/Profit, net of tax		(2,843)	4,632	NM	(10,523)	3,213	NM
Total comprehensive income attributable to :							
Owners of the parent		(1,119)	3,199	NM	(13,277)	8,171	NM
Non-controlling interests		1	(19)	NM	(56)	(11)	NM
Total comprehensive income for the period		(1,118)	3,180	NM	(13,333)	8,160	NM
Earning per share (cents)							
Basic	Para 6	(1.27)	2.08	NM	(4.68)	1.45	NM
Diluted	Para 6	(1.27)	2.07	NM	(4.68)	1.44	NM
NM denotes Not Meaningful							

Notes to Group Consolidated Statement of Comprehensive Income

1(a) (i) (Loss)/Profit for the period is arrived at after (charging) / crediting the following items:

	Note	Quarter Ended		9 Months Ended	
		30-Sep		30-Sep	
		2014	2013	2014	2013
		S\$'000	S\$'000	S\$'000	S\$'000
(a) Included in cost of sales are :					
- Inventories recognised as an expense in cost of sales		(26,741)	(32,394)	(79,429)	(85,800)
- Write-back for inventory obsolescence		18	288	187	905
- Depreciation of property, plant and equipment ("PPE")		(2,226)	(2,418)	(6,834)	(7,068)
- Wages and salaries	1(a)(i)(e)	(12,346)	(12,796)	(33,838)	(35,618)
(b) Included in administrative expenses are :					
- Depreciation of property, plant and equipment ("PPE")	1(a)(i)(f)	(983)	(912)	(2,038)	(2,853)
- Amortisation of prepaid land lease payments		(31)	(21)	(65)	(75)
- Amortisation of intangible assets		(118)	(123)	(362)	(370)
- Wages and salaries	1(a)(i)(e)	(3,972)	(5,351)	(11,903)	(14,763)
(c) Included in other expenses are :-					
- Net fair value loss on held for trading investments		(89)	-	(307)	-
- Foreign currency gain/(loss)		3	(16)	(306)	(33)
- Allowance for doubtful debts		-	(118)	-	(190)
- loss on disposal of MICL	1(a)(ii)(b)	(14)	-	(14)	-
(d) Included in other income are :-					
- Reversal of fair value gain on investment property	1(a)(i)(f)	(138)	-	-	-
- Write-back of allowance for doubtful debts		8	-	109	-
- Dividend income from investment securities		263	360	944	1,083
- Gain on disposal of PPE		1	7,611	121	8,108
- Gain on disposal of held for trading investment		8	-	329	-
- Gain on disposal of other investments		922	-	1,180	-
- Gain on disposal of Exerion	1(a)(ii)(a)	-	-	121	-
- Net fair value gain on held for trading investments		-	186	-	58
(e) Wages and salaries for three months ended 30 September 2014 ("Q3'14") were lower due to lower headcount and lower retrenchment costs.					
(f) Depreciation for Q3'14 was higher due to higher depreciation of leasehold improvement resulting from a change in decision made in Q1'14 to use four floors of its unused factory space of an existing building for own use instead of renting them. As these floors were treated as investment property ("IP"), there was no depreciation charged for 1H'14 and a fair value gain on conversion of property, plant and equipment ("PPE") of S\$138,000 was recognized in Q1'14. The related depreciation for 1H'14 was charged in Q3'14 and the reversal of fair value gain on conversion of property, plant and equipment ("PPE") to IP was recognized in Q3'14.					

1(a) (ii) Investment in Associate

(a) Disposal of Exerion Precision Technology Holding B.V.

On 20 February 2012, the Group and Retnok entered into a sale and purchase (“S&P”) agreement with Alliance Manufacturing Sdn. Bhd. (“ACM”) for the sale of 30,731 shares (representing 42.7%) and 6,002 shares (representing 8.3%) in Exerion held by the Group and Retnok, respectively, to ACM. On the same date, the Group also entered into a shareholders’ agreement and an option agreement (the “Option Agreement”) with ACM for the sale of the remaining 35,291 shares, representing 49% equity interest, in Exerion. Under the Option Agreement, ACM is granted a call option, exercisable from the date of the option agreement up to and including 31 March 2014, for the Group to sell all the remaining Exerion shares to ACM; and the Group has been granted a put option, exercisable from 1 April 2014 to 30 April 2014, for ACM to purchase all the remaining Exerion share. The put option to sell the remaining 49% equity interest for Euro 1.25 million (approximately S\$2.16 million) was activated in April 2014.

As at 31 December 2013 and March 2014, the investment in the remaining 49% equity interest has been classified as “held-for-sale” as the Group expects the disposal of the remaining 49% equity interest to be completed within the next 12 months. The Group exercised the put option on 30 April 2014 to dispose of the 49% interest, details of which are as follows:

	S\$'000
Remaining equity interest as at 1 January 2013	1,986
Share of results	-
Exchange differences	<u>70</u>
Investment in associate as at 31 December 2013	2,056
Exchange differences	<u>(8)</u>
Investment in associate classified as held-for-sale as at 31 March 2014	2,048
Exchange differences	(7)
Consideration for Put Option exercised on the 30 April 2014	<u>(2,162)</u>
Gain on disposal	<u>121</u>

(b) Disposal of Mansfield Industrial Co. Ltd (“MICL”)

On 20 February 2012, Mansfield Manufacturing Company Limited entered into an agreement to dispose its 55% shareholding in MICL to the shareholder who hold the remaining 45%. The sale was approved at an Extraordinary General Meeting by shareholders on 27 April 2012. The sale would take place over two tranches, of which the first sale of 3.6 million shares, representing 36% of the Group’s equity interest in MICL amounting to consideration of S\$5.8 million (HK\$36 million), was completed before 30 April 2012. The second tranche of 19 million shares, representing 19% of the Group’s equity interest in MICL with consideration of HK\$19 million (approximately S\$3.1 million), was completed with the last payment received on 30 June 2014, details of which are as follows:-

- Amount received in March 2014 under S&P agreement (HK\$5.0 million)	813
- Balance receivable on 30 June 2014 under S&P agreement (HK\$5.0 million) **	<u>791</u>
	<u>3,079</u>

** The last payment of HK\$5.0 million was received earlier on the 30 June 2014 . The transfer of MICL shares to purchaser took place in July 2014.

	S\$'000
Carrying value of 19% shareholding in MICL as at 1 January 2013	2,996
Share of results	-
Exchange differences	<u>103</u>
Investment in associate as at 31 December 2013	3,099
Exchange differences	<u>(40)</u>
Investment in associate as at 30 June 2014	3,059
Exchange differences	6
Disposal of investment in associate completed in July 2014	<u>(3,079)</u>
Loss on disposal of associate	<u>(14)</u>

1(b) (i) A balance sheet (for the issuer and the Group), together with a comparative statement as at the end of the immediately preceding financial year

Balance Sheets (Unaudited)

	Note	Group		Company	
		As at 30-Sep-14 S\$'000	As at 31-Dec-13 S\$'000	As at 30-Sep-14 S\$'000	As at 31-Dec-13 S\$'000
Non-current Assets					
Property, plant and equipment ("PPE")	A	68,691	76,854	-	75
Investment property		15,192	15,319	-	-
Prepaid land lease payment		3,766	3,864	-	-
Intangible assets		939	1,232	-	-
Investment in subsidiary		-	-	47,061	47,061
Other investments	B	7,070	16,200	7,070	16,200
Deposit paid for purchases of property, plant and equipment		666	551	-	-
Other receivables	C	1,540	1,358	-	-
Deferred tax assets		917	915	-	-
		98,781	116,293	54,131	63,336
Current Assets					
Inventories	D	24,459	28,056	-	-
Trade and other receivables	E	61,001	64,636	1,635	963
Tax recoverables		223	428	-	-
Loan to associate		-	958	-	-
Prepayments		1,184	1,513	13	-
Loan to subsidiary		-	-	15,535	14,013
Held for trading investments	F	11,560	11,079	11,560	11,079
Derivatives		54	33	54	33
Cash and short-term deposit	G	34,294	27,787	12,796	10,286
		132,775	134,490	41,593	36,374
Assets of disposal group classified as held-for-sale	H	-	5,155	-	-
		132,775	139,645	41,593	36,374
Total Assets		231,556	255,938	95,724	99,710
Current Liabilities					
Bank loans	G	-	1,631	-	-
Invoice financing		5,729	-	-	-
Trust receipts		4,470	7,412	-	-
Bank overdrafts	G	978	1,017	-	-
Loans and borrowings	1(b)(ii)	11,177	10,060	-	-
Trade and other payables	I	70,137	78,803	441	546
Provisions	J & G	139	1,649	-	-
Derivatives		69	64	69	64
Tax payable		1,754	1,031	159	262
		83,276	91,607	669	872
Net Current Assets		49,499	48,038	40,924	35,502
Non-current Liabilities					
Deferred tax liabilities		1,420	1,431	50	50
Total Liabilities		84,696	93,038	719	922
Net Assets		146,860	162,900	95,005	98,788
Share capital		98,021	98,021	98,021	98,021
Treasury shares		(13,164)	(13,164)	(13,164)	(13,164)
Share option reserve		108	204	108	204
Fair value adjustment reserves	B	945	3,075	945	3,075
Retained earnings	G	62,601	75,281	9,095	10,652
Translation reserves		(1,651)	(984)	-	-
		146,860	162,433	95,005	98,788
Non-controlling interests		-	467	-	-
Total Equity		146,860	162,900	95,005	98,788

Notes to Group Balance Sheet

- A The reduction of PPE are due to current year depreciation , as well as lower new addition and disposal of old PPE
- B The Board of Directors decided to diversify into various investment instruments instead of solely investing in Industrial Reits. Hence, the decrease was attributed to the partial disposal of 8,000,000 Sabana Reit shares at an average price of S\$1.025 up to 30 September 2014. The balance of 7,000,000 shares were marked-to-market at S\$1.01 per share as at 30 September 2014, compared to S\$1.080 as at 31 December 2013. The net decrease in fair value of S\$2.1 million was recorded in Other Comprehensive Income.
- C These are mainly long-term rental and utilities deposit for PRC factory facilities.
- D The higher inventory as at 31 December 2013 was due to stocking up of raw materials and work-in-progress in preparation of the long Chinese New Year holiday in January 2014.
- E Decrease in trade and other receivables was mainly due to lower sales in Q3'14 compared to Q4'13 and refund of value-added tax from tax authorities in China.
- F These are quoted equities and bonds held for trading and managed by an investment bank in Singapore. The fair value was computed based on the last transacted bid prices on the stock exchange or in active markets at the end of the reporting period.
- G Increase in cash and bank balances was mainly due to receipt of proceeds from the disposal of Exerion of S\$2.2 million, the disposal of MICL of S\$1.6 million and sales of Sabana Reit shares of S\$8.2 million, offset repayment of bank loan and overdraft, acquisition of minority shareholder of a subsidiary, net purchase of investment securities under portfolio management and payment of dividend to InnoTek's shareholders in May 2014 amounting to S\$2.2 million. Cash and bank balance as at 30 September 2014 included S\$8.3 million which forms part of the investment portfolio.
- H Reduction was due to disposal of the remaining 49% equity interest in Exerion in April 2014 and the completion of transfer of the remaining 19 million shares in MICL in July 2014 upon receipt of the last payment of S\$0.8 million (HK\$5.0 million). Please refer to Note 1(a)(ii) (a) and (b).
- I Decrease in trade payables was due mainly to decrease in purchase as a result of lower sales in Q3'14 compared to Q4'13 and the discharged of other payables liability relating to the S\$3.1 million consideration received as scheduled for the disposal of MICL under Note 1(a)(ii)(b) upon transfer of the 19 million shares in MICL in July 2014.
- J The reduction was mainly due to the reversal of provision for long service payment in Q2'14 and restructuring efforts, with the completion of certain restructuring activities in Q1'14 provided for in December 2013. The Group will determine whether there is a need to top-up the provision in Q4'14.

1(b)(ii) Aggregate amount of Group's borrowings and debt securities

	As at 30-Sep-14 S\$'000	As at 31-Dec-13 S\$'000
Amount repayable in one year or less, on demand		
- Secured	5,729	2,264
- Unsecured	5,448	7,796
	11,177	10,060
Amount repayable after one year		
- Secured	-	-
- Unsecured	-	-
	-	-
Total	11,177	10,060

Details of any collateral

All bank borrowings, overdrafts and trust receipts are either unsecured or secured by corporate guarantee from the Company and its subsidiaries. The secured borrowing of S\$5.7 million relates to factoring and is secured by invoices.

1(c) A cash flow statement (for the Group) , together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

GROUP	Note	Quarter Ended 30-Sep		9 Months Ended 30-Sep	
		2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Cash flows from operating activities :					
(Loss)/Profit before tax		(2,691)	4,762	(9,218)	3,606
Adjustment items	K	2,352	(4,381)	5,134	1,442
Cash flows (used in)/from operations before reinvesting in working capital					
Working capital changes , excluding changes relating to cash		(339)	381	(4,084)	5,048
		9,088	(5,895)	4,641	(7,174)
Cash (used in)/generated from operating activities					
Net interest and income tax paid		8,749	(5,514)	557	(2,126)
		(216)	192	(275)	600
Net cash (used in)/ generated from operating activities					
		8,533	(5,322)	282	(1,526)
Net cash used in investing activities :					
Acquisition of property, plant and equipment ("PPE")		(841)	(2,422)	(2,362)	(3,944)
Refund/(deposit) paid for property, plant and equipment		(156)	1,341	113	235
Proceeds on sale of property, plant and equipment		-	8,612	462	11,271
Additions to intangible assets		(1)	4	(36)	(805)
Deposit for sale of HongKong premise		-	(845)	-	-
Proceed from sales of Sabana Reit		6,628	-	8,180	-
Proceeds from sale of investment securities		3,192	-	7,775	-
Acquisition of Investment securities under portfolio management		(3,168)	(4,046)	(8,245)	(9,360)
Dividend from investment securities		263	360	944	1,083
Proceed from sales of Exerion	1(a)(ii)(a)	-	-	2,162	-
Payment received from disposal of MICL	1(a)(ii)(b)	(3)	-	1,604	1,475
(Decrease)/Increase in pledged time deposits		(104)	-	327	-
(Decrease)/Increase in restricted cash		(25)	-	(4)	-
Net cash generated from/(used in) investing activities					
		5,785	3,004	10,920	(45)
Net cash used in financing activities					
Repayment of short term financing		-	4,158	-	2,168
Bank loan repayment		-	-	(1,631)	(5,267)
Purchase of treasury shares		-	-	-	(32)
Acquisition of non-controlling interest	1(d)(i)(a)	(483)	-	(483)	-
Dividend paid to ordinary shareholder		-	-	(2,239)	(2,239)
Net cash used in financing activities					
		(483)	4,158	(4,353)	(5,370)
Net change in cash and cash equivalents					
		13,835	1,840	6,849	(6,941)
Effect of exchange rate changes on cash and cash equivalents					
		(31)	6	20	(105)
Cash and cash equivalents as at beginning of period					
		16,513	25,819	23,448	34,711
Cash and cash equivalents as at end of period					
	L	30,317	27,665	30,317	27,665

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)

K. Details of adjustment items as follows:

GROUP	Note	Quarter Ended 30- September		9 Months Ended 30- September	
		2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Depreciation of property, plant and equipment		3,209	3,330	8,872	9,921
Amortisation of intangible assets		118	123	362	370
Amortisation of prepaid land lease payment		31	21	65	75
Gain on disposal of property, plant and equipment		(1)	(7,611)	(121)	(8,108)
Gain on disposal of held for trading investment		(8)	-	(329)	-
Gain on disposal of Exerion		-	-	(121)	-
Loss on disposal of MICL		-	-	14	-
Gain on disposal of other investment		(922)	-	(1,180)	-
Fixed assets written off		-	-	37	-
Share option expense		-	-	15	-
Allowance for doubtful debts		-	118	-	190
Allowance for doubtful debts written back		(8)	-	(109)	-
Net fair value loss/(gain) on held for trading investments		89	(186)	307	(58)
Net fair value gain/(loss) for derivatives		41	(25)	(16)	(25)
Interest expense		54	48	188	193
Interest income		(87)	(43)	(289)	(179)
Provision/(write-back) for obsolete inventories		(18)	(288)	(187)	(905)
Unrealised exchange (gain)/loss		(106)	357	(782)	872
Reversal of fair value gain on investment property		138	-	-	-
(Write-back)/Provision for severance benefits and restructuring expenses		71	135	(648)	179
Dividend income from investment securities		(263)	(360)	(944)	(1,083)
Total		<u>2,338</u>	<u>(4,381)</u>	<u>5,134</u>	<u>1,442</u>

L For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise:

GROUP	As at 30 September	
	2014 S\$'000	2013 S\$'000
Cash and bank balances	23,015	25,263
Cash and bank balance under portfolio investment management	8,275	2,708
Other Fixed deposits	3,004	-
Total cash and bank balance	34,294	27,971
Less: Pledged fixed deposit and restricted cash	(2,999)	-
Cash and bank balances per balance sheet	31,295	27,971
Less : Bank overdrafts	(978)	(306)
Cash and cash equivalents at end of year	30,317	27,665 *

* Increase was mainly due to receipt of proceeds from the disposal of Exerion of S\$2.2 million, the disposal of MICL of S\$1.6 million and sales of Sabana Reit shares of S\$8.2 million, offset repayment of bank loan and overdraft, acquisition of minority shareholder of a subsidiary, net purchase of investment securities under portfolio management and payment of dividend to InnoTek's shareholders in May 2014 amounting to S\$2.2 million.

1(d)(i) A statement (for the issuer and the Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders , together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of changes in equity

GROUP	Attributable to owners of the parents							Equity attributable to owners of the parent, total S\$'000	Non-controlling Interest S\$'000	Total Equity S\$'000
	Share Capital S\$'000	Treasury Shares S\$'000	Retained earnings S\$'000	Share Option Reserve S\$'000	Foreign	Fair value adjustment reserve S\$'000	Total other Reserve S\$'000			
					Currency Translation Reserve S\$'000					
2014										
Balance at 1 January 2014	98,021	(13,164)	75,281	204	(984)	3,075	2,295	162,433	467	162,900
Loss for 1H'14	-	-	(7,641)	-	-	-	-	(7,641)	(39)	(7,680)
<u>Other Comprehensive Income</u>										
Foreign currency translation	-	-	-	-	(3,741)	-	(3,741)	(3,741)	(18)	(3,759)
Realisation of fair value gain	-	-	-	-	-	(229)	(229)	(229)	-	(229)
Net gain on fair value changes of available-for-sale financial assets	-	-	-	-	-	(547)	(547)	(547)	-	(547)
Other comprehensive income	-	-	-	-	(3,741)	(776)	(4,517)	(4,517)	(18)	(4,535)
Total comprehensive Income	-	-	(7,641)	-	(3,741)	(776)	(4,517)	(12,158)	(57)	(12,215)
<u>Contribution by and distribution to owners</u>										
Share Option expense	-	-	-	15	-	-	15	15	-	15
Expiry of employee share options	-	-	111	(111)	-	-	(111)	-	-	-
Dividends on ordinary shares	-	-	(2,239)	-	-	-	-	(2,239)	-	(2,239)
Total contribution by and distribution to owners	-	-	(2,128)	(96)	-	-	(96)	(2,224)	-	(2,224)
Balance at 30 June 2014	98,021	(13,164)	65,512	108	(4,725)	2,299	(2,318)	148,051	410	148,461
Loss for Q3'14	-	-	(2,844)	-	-	-	-	(2,844)	1	(2,843)
<u>Other Comprehensive Income</u>										
Foreign currency translation	-	-	-	-	3,079	-	3,079	3,079	-	3,079
Realisation of fair value gain	-	-	-	-	-	(1,109)	(1,109)	(1,109)	-	(1,109)
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	-	(245)	(245)	(245)	-	(245)
Other comprehensive income	-	-	-	-	3,079	(1,354)	1,725	1,725	-	1,725
Total comprehensive Income	-	-	(2,844)	-	3,079	(1,354)	1,725	(1,119)	1	(1,118)
<u>Changes in ownership interests in subsidiaries that do not result in loss of control</u>										
Acquisition of a subsidiary share from minority shareholder (Note1(d)(i)(a))	-	-	(67)	-	(5)	-	(5)	(72)	(411)	(483)
Total changes in ownership interest in subsidiaries	-	-	(67)	-	(5)	-	(5)	(72)	(411)	(483)
Balance at 30 September 2014	98,021	(13,164)	62,601	108	(1,651)	945	(598)	146,860	0	146,860

Note 1(d)(i)(a) In Q3'14, the minority shareholder of Magix Mechantronics Co. Limited (HK) disposed off its 3 million shares at par value for HK\$3 million (S\$0.5 million) to Mansfield Manufacturing, Increasing its shareholding in Magix Mechatronics Co. Limited (HK) from 98.24% to 100%, making Magix a wholly-owned subsidiary of Mansfield Manufacturing.

Statement of changes in equity (Cont'd)

GROUP	Attributable to owners of the parents							Equity		
	Share Capital S\$'000	Treasury Shares S\$'000	Retained earnings S\$'000	Foreign			Total other Reserve S\$'000	attributable to owners of the parent, total S\$'000	Non-controlling Interest S\$'000	Total Equity S\$'000
				Share Option Reserve S\$'000	Currency Translation Reserve S\$'000	Fair value adjustment reserve S\$'000				
Balance at 1 January 2013	98,021	(13,132)	76,595	111	(8,859)	3,975	(4,773)	156,711	508	157,219
Loss for 1H'13	-	-	(1,400)	-	-	-	-	(1,400)	(19)	(1,419)
<u>Other Comprehensive Income</u>										
Foreign currency translation	-	-	-	-	6,147	-	6,147	6,147	27	6,174
Net gain on fair value changes of available-for-sale financial assets	-	-	-	-	-	225	225	225	-	225
Other comprehensive income	-	-	-	-	6,147	225	6,372	6,372	27	6,399
Total comprehensive Income	-	-	(1,400)	-	6,147	225	6,372	4,972	8	4,980
<u>Contribution by and distribution to owners</u>										
Purchase of Treasury Shares	-	(32)	-	-	-	-	-	(32)	-	(32)
Dividends on ordinary shares	-	-	(2,239)	-	-	-	-	(2,239)	-	(2,239)
Balance at 30 June 2013	98,021	(13,164)	72,956	111	(2,712)	4,200	1,599	159,412	516	159,928
Profit for Q3'13	-	-	4,650	-	-	-	-	4,650	(18)	4,632
<u>Other Comprehensive Income</u>										
Foreign currency translation	-	-	-	-	(251)	-	(251)	(251)	(1)	(252)
Net gain on fair value changes of available-for-sale financial assets	-	-	-	-	-	(1,200)	(1,200)	(1,200)	-	(1,200)
Other comprehensive loss for Q3'13	-	-	-	-	(251)	(1,200)	(1,451)	(1,451)	(1)	(1,452)
Total comprehensive Income for Q3'13	-	-	4,650	-	(251)	(1,200)	(1,451)	3,199	(19)	3,180
Balance at 30 September 2013	98,021	(13,164)	77,606	111	(2,963)	3,000	148	162,611	497	163,108

Statement of changes in equity (Cont'd)

COMPANY	Attributable to owners of the parents						Total equity S\$'000
	Issued Capital S\$'000	Tresury Shares S\$'000	Retained earnings S\$'000	Share Option Reserve S\$'000	Fair value Adjustment Reserve S\$'000	Total Other reserves S\$'000	
2014							
Balance at 1 January 2014	98,021	(13,164)	10,652	204	3,075	3,279	98,788
Loss for 1H'14	-	-	(144)	-	-	-	(144)
Other Comprehensive Income	-	-	-	-	-	-	-
Realisation of fair value gain	-	-	-	-	(229)	(229)	(229)
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	(547)	(547)	(547)
Total comprehensive income	-	-	(144)	-	(776)	(776)	(920)
Contributions by and distribution to owners							
Share option expense accrued	-	-	-	15	-	15	15
Expiry of Employee Share Option	-	-	111	(111)	-	(111)	-
Dividends on ordinary shares	-	-	(2,239)	-	-	-	(2,239)
Total transactions with owners in their capacity as owners	-	-	(2,128)	(96)	-	(96)	(2,224)
Balance at 30 June 2014	98,021	(13,164)	8,380	108	2,299	2,407	95,644
Profit for Q3'14	-	-	715	-	-	-	715
Other Comprehensive Income	-	-	-	-	-	-	-
Realisation of fair value gain	-	-	-	-	(1,109)	(1,109)	(1,109)
Net gain on fair value changes of available-for-sale financial assets	-	-	-	-	(245)	(245)	(245)
Total comprehensive income for Q2'14	-	-	715	-	(1,354)	(1,354)	(639)
Balance at 30 September 2014	98,021	(13,164)	9,095	108	945	1,053	95,005
2013							
Balance at 1 January 2013	98,021	(13,132)	11,456	111	3,975	4,086	100,431
Loss for 1H'13	-	-	(116)	-	-	-	(116)
Other Comprehensive Income	-	-	-	-	-	-	-
Net gain on fair value changes of available-for-sale financial assets	-	-	-	-	225	225	225
Total comprehensive income	-	-	(116)	-	225	225	109
Contributions by and distribution to owners							
Purchase of Treasury Shares	-	(32)	-	-	-	-	(32)
Dividends on ordinary shares	-	-	(2,239)	-	-	-	(2,239)
Total contributions and distribution to owners for 2013	-	(32)	(2,239)	-	-	-	(2,271)
Balance at 30 June 2013	98,021	(13,164)	9,101	111	4,200	4,311	98,269
Loss for Q3'13	-	-	166	-	-	-	166
Other Comprehensive Income	-	-	-	-	-	-	-
Net gain on fair value changes of available-for-sale financial assets	-	-	-	-	(1,200)	(1,200)	(1,200)
Total comprehensive income	-	-	166	-	(1,200)	(1,200)	(1,034)
Balance at 30 September 2013	98,021	(13,164)	9,267	111	3,000	3,111	97,235

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of share for cash or as consideration for acquisition or for any purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

(a) Share Capital

Number of ordinary shares as at 30 September 2014 is 246,656,428.

Number of shares that may be issued on conversion of all outstanding options are as follows:-

	As at 30/9/2014	As at 30/9/2013
Options granted under the InnoTek Employees' Share Option Plan I	-	196,000
Options granted under the InnoTek Employees' Share Option Scheme II **	3,290,000	7,730,000
	<u>3,290,000</u>	<u>7,926,000</u>

** On 23 May 2013, 7,730,000 options were granted to the Group's and the Company's employees under the "InnoTek Employee's Share Option Scheme II" plan which was approved by shareholders at the Extraordinary General Meeting held on 30 April 2008. The option price for the grant was S\$0.28 per share which was based on the average of the last dealt prices for the shares on the SGX-ST over five consecutive Market Days immediately preceding the Date of Grant of Option as determined by the Remuneration Committee. 4,440,000 options had been forfeited since May 2013 due to staff resignation.

(b) Treasury Shares

	No of shares '000	S\$'000
Balance as at 1 January / 30 September 2014	<u>22,821</u>	<u>13,164</u>

1(d)(iii) To show the total number of issued shares excluding Treasury Shares as at the end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

	As at 30/9/2014		As at 30/9/2013	
	No of shares '000	\$'000	No of shares '000	\$'000
Total number of issued shares at the end of period	246,656	98,021	246,656	98,021
Number of Treasury Shares at the end of period	(22,821)	(13,164)	(22,821)	(13,164)
Net number of issued shares at the end of period	<u>223,835</u>	<u>84,857</u>	<u>223,835</u>	<u>84,857</u>

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of Treasury Shares as at the end of the current financial period reported on.

None

2. Whether the figures have been audited, or reviewed and in accordance with the standard (e.g. The Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by auditors.

3. Whether the figures have been audited, or reviewed, the auditor's report (including any qualifications or emphasis of matter)

The figures have not been audited or reviewed by auditors.

4. **Whether the same accounting policies and methods of computation as in the issuers most recently audited annual financial statements have been applied**

The same accounting policies and method of computation have been applied to the financial statements as in the most recently audited annual financial statements.

5. **Whether there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

None.

6. **Earning per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Quarter Ended 30 September		9 Months Ended 30 Sep	
	2014 S'000	2013 S'000	2014 S'000	2013 S'000
Earning per ordinary share of the Group based on net profit attributable to the shareholders of the Company :				
(i) Based on the weighted average number of shares (in cents)				
Earning per share	<u>(1.27)</u>	<u>2.08</u>	<u>(4.68)</u>	<u>1.45</u>
Weighted average number of shares ('000)	<u>223,835</u>	<u>223,835</u>	<u>223,835</u>	<u>223,896</u>
(ii) On a fully diluted basis (in cents)				
Earning per share	<u>(1.27)</u>	<u>2.07</u>	<u>(4.68)</u>	<u>1.44</u>
Adjusted weighted average number of shares ('000)	<u>223,835</u>	<u>225,137 *</u>	<u>223,835</u>	<u>225,000 *</u>

* The weighted average number of shares for diluted EPS calculation was adjusted for the additional Share Option granted based on average market value for Q3'13 and 9M'13 for calculation of diluted EPS with Q3'13 and 9M'13 having profit of S\$4.7 million and S\$3.3 million respectively.

7. **Net assets value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on; and (b) immediately preceding financial year**

	Group		Company	
	As at 6/30/14	As at 12/31/13	As at 6/30/14	As at 12/31/13
Net asset backing per ordinary share based on the total number of issued share excluding treasury shares as at the end of the period reported on	65.6 cents	72.6 cents	42.4 cents	44.1 cents

The decrease in net asset per ordinary share was mainly due to dividend payment to ordinary shareholders, foreign currency translation loss due to weakening of the HKD as at 30 September 2014 compared to 31 December 2013 and the comprehensive losses in 9M'14 amounting to S\$13.3 million.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group business. The review must discuss any significant factors that affected the turnover costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital assets or liabilities of the Group during the current financial period reported on

Review for the Quarter ended 30 September 2014 (Q3'14)

	Q3'14 S\$'000	Q3'13 S\$'000	Q3'14 vs Q3'13 S\$'000	Q3'14 vs Q3'13 %
Turnover				
MSF	58,058	66,679	(8,621)	(12.9)
Net Loss attributable to owners of the parent				
MSF Group	(3,052)	(2,958)	(94)	(3.2)
Corporate	713	175	538	307.4
Subtotal	(2,339)	(2,783)	444	15.9
MSF - adjustment back depreciation/gain on IP	(505)	-	(505)	NM
MSF - gain from disposal of a HK premise	-	7,433	(7,433)	NM
Total	(2,844)	4,650	(7,494)	NM
Basic EPS (cents)	(1.27)	2.08	(3.35)	(161.1)

Turnover

The Group's revenue in the July-to-September 2014 quarter ("Q3'14") declined S\$8.6 million or 12.9% to S\$58.1 million from S\$66.7 million in Q3'13 due mainly to:

- (1) Revenue decline from the Precision sub-assembly segment was a result of an early end-of-life of a major TV product in Q4'13 from a major Japanese customer without replacement programmes;
- (2) Revenue decline from the Tooling segment was due to intense competition from local companies with lower cost structures; and
- (3) Revenue decline from the Precision component segment was due to a fall in demand for flat TV panels from 2 major Japanese customers and automotive products as current programmes are nearing end-of-life while new programs are facing intense competition from lower-cost competitors.

Net Loss

The Group recorded a net loss of S\$2.3 million (excluding adjustment for depreciation/fair value gain on investment property) in Q3'14, compared to a loss of S\$2.8 million in Q3'13 (excluding gain from disposal of the Hong Kong premise in Q3'13), due mainly to:

- (1) Decline in MSF's gross profit ("GP") margin in Q3'14 to 10.1% from 10.5% in Q3'13 due to lower revenue;
- (2) Start-up costs incurred by the Precision sub-assembly segment, in preparation for mass production for initial orders secured from established non-Japanese TV manufacturers; and
- (3) Disruption of production by an established non-Japanese TV manufacturer as a result of supply chain issues.

These were offset by a net gain of S\$0.9 million on disposal of 6,521,000 Sabana Reit shares in Q3'14.

Review for the 9 months ended 30 September 2014 (9M'14)

	9M'14 S\$'000	9M'13 S\$'000	9M'14 vs 9M'13 S\$'000	9M'14 vs 9M'13 %
Turnover				
MSF	167,021	183,058	(16,037)	(8.8)
Net Loss attributable to owners of the parent				
MSF	(11,051)	(4,648)	(6,403)	(137.8)
Corporate	566	53	513	967.9
	(10,485)	(4,595)	(5,890)	(128.2)
MSF - gain from disposal of a PRC plant/ HK premise	-	7,845	(7,845)	NM
Total	(10,485)	3,250	(14,248)	NM
Basic EPS (cents) -continuing operations	(4.68)	(1.45)	(3.23)	NM

Revenue

The Group's revenue for the nine months ended 30 September 2014 ("9M'14") declined S\$16.0 million or 8.8% to S\$167.0 million from S\$183.1 million in 9M'13 due mainly to:

- (1) Revenue decline in the Precision sub-assembly segment as a result of an early end-of-life of a major TV product in Q4'13 from a major Japanese customer without replacement programmes;
- (2) Revenue decline in the Tooling segment due to intense competition from local companies with lower cost structures; and
- (3) Revenue decline from the Precision component segment due to a fall in demand for flat TV panels from 2 major Japanese customers.

Net Loss

The Group's net loss (before gain from disposal of a PRC plant / HK premise in 9M'13) increased to S\$10.5 million from S\$4.6 million in 9M'13 due mainly to:

- (1) Decline in MSF's GP margin in 9M'14 to 9.0% from 12.8% in 9M'13;
- (2) Start-up costs incurred by the Precision sub-assembly segment in preparation for mass production of initial orders secured from established non-Japanese TV manufacturers;
- (3) Retrenchment expense of S\$0.9 million incurred for 9M'14; and
- (4) Compensation paid to a senior management staff who left the Company in Q2'14.

These were offset by a net gain of S\$1.2 million on the disposal of 8,000,000 Sabana Reit shares from June 2014 to September 2014.

9. A forecast, or projected statement, has been previously disclosed to shareholders, any variance between it and the actual results

None.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

The TV market, especially flat-screen TV panel shipments, is expected to grow as rising affluence leads to an increased demand for new value-added products, including ultra HD and OLED technologies. Ultra HD TVs in particular is expected to see major growth, with China being a major contributor of the shipments.

To increase exposure to the local Chinese TV market, the Group announced on 29 October 2014 that it had entered into a 49:51 joint-venture (“JV”) with China’s fourth-largest TV manufacturer, Konka Group. As part of the terms of the JV, InnoTek will relocate a fully automated precision metal stamping line from its Suzhou facility to the JV which is located at a Konka TV manufacturing and assembly centre in Anhui Province. Additionally, the JV will have the option to route spillover TV assembly orders to InnoTek’s Suzhou facility, thereby increasing the utilization of the latter facility.

The JV with Konka is also part of the Group’s strategy to diversify our customer base as consumer electronics products have come under intense competition from Korean and local Chinese companies. The contribution of Japanese customers to Group’s revenue declined from 60% at the end of 30 June 2014 to 58% at the end of September 2014 and is expected to decline further to 50% by end-December.

The Group has secured award letters from a new non-Japanese TV component customer as at the end of June 2014 and expects to commence production towards the end of Q4’14.

Currently, the Taiwanese market contributes to 8.0% of the total Group’s revenue, an increase of 3.0% as compared to 5.0% in Q1’14. This is expected to grow further in Q4’14 and 2015. In view of the market potential and to accelerate growth, the Group has recently set up a Taiwan subsidiary, Mansfield Technology (Taiwan) Company Limited, to increase engagement with ODM TV manufacturers through early involvement in the design and development process.

The Group as a whole is seeking to increase exposure to China’s automotive sector, which continues to grow and offers economies of scale. Production cycle times for this sector are also more stable compared to the fast-moving TV market where consumers are demanding larger screens with higher quality.

Within the auto sector, which currently contributes 32.0% of Group’s revenue, Mansfield Group has secured tooling and production commitment for their Wuhan facility with mass production expected to start in late FY2015.

As the second half (July-December) of the financial year is seasonally stronger than the first half (January-June), the Group expects revenue in 2H’14 to exceed that of 1H’14. The Group has initiated restructuring measures to improve operational efficiencies which, barring unforeseen circumstances, are expected to contribute to an improvement in the operating performance of Mansfield in 2H’14 compared to 1H’14.

11. Dividend

(a) Current Financial period Reported On

Any dividend declared for the present financial period? No

(b) Corresponding period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not Applicable

(d) Books closing date

Not Applicable

12. If no dividend has been declared / recommended , a statement to that effect

Not Applicable

13. **Interested Person Transactions – Rule 920(1)(a)(ii) – An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate for interested person transactions for the financial period which it is required to report on pursuant to Rule 705.**

None

14. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13), the Company confirms that there is no person occupying a managerial position in the Company who is related to the director, chief executive officer or substantial shareholder of the Company.

15. **STATEMENT PURSUANT TO SGX LISTING RULE 705(5) OF THE LISTING MANUAL**

The directors confirmed that to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the third quarter financial results of the Company and of the Group for the quarter ended 30 September 2014 to be false or misleading in any material aspects.

Signed by Robert Sebastiaan Lette, Chairman and Peter Tan Boon Heng, Executive Director

BY ORDER OF THE BOARD

Peter Tan Boon Heng

Executive Director

3 November 2014