InnoTek Limited

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InnoTek Announces Q3'14 Results; Diversifies Customer Base and Charts Growth into Automotive and TV Markets in China

SINGAPORE, 3 November 2014 – InnoTek Limited ("InnoTek" or the "Group") announced today its financial results for the three-month period ended 30 September 2014 ("Q3'14") as it begins to reap results from efforts to diversify its customer base and penetrate the automotive and TV sectors in China.

InnoTek had just established a 49:51 joint-venture ("JV") with China's fourth-largest TV manufacturer, the Konka Group, to capitalise on the opportunities of the TV market in China.

The SGX Mainboard-listed precision metal specialist reported that slowdown and intense competition in Japanese consumer electronic products had led to weaker performance in all three business segments and a 12.9% decline in its Q3'14 revenue to S$58.1 million from S$66.6 million in Q3'13.

The poor performance of the Precision component segment was due to the fall in demand for TV back panels from major Japanese customers and the early end-of-life for current automotive programmes.

Depreciation increased in Q3'14 compared to the six months ended 30 June 2014 ("1H'14"), following a reversal of S$138,000 fair-value gain for investment property that was recognised in 1H'14. This was a result of the decision to utilize unused factory space to increase TV bezels assembly capacity

Administrative expenses declined by 10.7% to S$8.9 million in Q3'14 mainly due to a reduction in wages as a result of lower headcount and the absence of retrenchment costs.

InnoTek recorded Q3'14 net loss of S$2.3 million (before adjustment), from a loss of S$2.8 million in Q3'13 (excluding one-time gain from disposal of the Hong Kong premise). This was mitigated by a S$0.9 million net gain on the disposal of Sabana Reit shares in the current quarter.

InnoTek's net cash position stands at S$23.1 million, comprising total cash balance of S$34.3 million less total borrowings of S$11.2 million, as at 30 September 2014.

Loss per share for Q3'14 was 1.27 Singapore cents while net asset backing per share as at 30 September 2014 stood at 65.6 Singapore cents.

Executive Director of InnoTek, Mr. Peter Tan Boon Heng, said, "As we continue to chart our growth for turnaround and enhance shareholder value, the Chinese TV and automotive markets offer many opportunities that we are working to leverage on. This is also in line with our strategy to diversify our customer base."

The Taiwanese market currently contributes to 8.0% of the total Group's revenue, a 3.0% rise from Q1'14. This is expected to grow further in Q4'14 and throughout 2015. With the prospect of accelerated growth, InnoTek has recently established a Taiwan subsidiary to engage ODM TV manufacturers through early involvement in the design and development process.

In the Automotive sector, InnoTek has secured tooling and production commitments for their Wuhan facility, with mass production expected to start in late FY2015.

As the second-half of the financial year is seasonally stronger than the first-half, the Group expects performance in 2H'14 to exceed 1H'14. InnoTek has initiated restructuring measures to improve operational efficiencies which, barring unforeseen circumstances, are expected to contribute to an improvement in the operating performance of its wholly owned Mansfield Manufacturing Company Limited in 2H'14 compared to 1H'14.

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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