

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 Second Quarter ended 30 June 2017

[illegible]

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 30-Jun		6 Months Ended 30-Jun	
		2017	2016	2017	2016
		S\$'000	S\$'000	S\$'000	S\$'000
(a) Included in cost of sales are :					
- Inventories recognised as an expense in cost of sales		(19,746)	(20,157)	(40,630)	(41,451)
- Write-back / (allowance) for inventory obsolescence		142	(75)	203	119
- Depreciation of property, plant and equipment ("PPE")	1(a)(i)(d)	(936)	(1,185)	(1,969)	(2,494)
- Wages and salaries	1(a)(i)(e)	(9,331)	(11,886)	(18,820)	(23,509)
(b) Included in administrative expenses are :					
- Depreciation of PPE		(343)	(312)	(671)	(619)
- Amortisation of prepaid land lease payments		(19)	(22)	(41)	(45)
- Amortisation of intangible assets		(22)	(65)	(44)	(142)
- Wages and salaries	1(a)(i)(f)	(2,946)	(2,583)	(5,943)	(5,529)
(c) Included in other expenses and other income are :					
- Items related to Investment Portfolio					
Gain/(loss) on disposal of held for trading investments	1(a)(i)(g)	(4)	108	(22)	(28)
Net fair value (loss) /gain on held for trading investments	1(a)(i)(h)	(104)	42	(260)	(482)
Dividend income from investment securities	1(a)(i)(i)	57	53	106	99
Foreign currency gain - realised forward contract		115	139	66	107
(Loss)/gain on derivative (unrealised)	1(a)(i)(j)	(121)	(242)	164	4
		<u>(57)</u>	<u>100</u>	<u>54</u>	<u>(300)</u>
- Foreign currency (loss) /gain - others	1(a)(i)(k)	(420)	414	(894)	(983)
- (Allowance)/write-back of allowance for doubtful debts - net	1(a)(i)(l)	(136)	180	127	214
- Property rental income	1(a)(i)(m)	477	368	864	675
- (Loss) /gain on disposal of PPE		(1)	117	23	146

Notes to Group Consolidated Statement of Comprehensive Income (Cont'd)

- (d) Depreciation was lower in 1H'17 (6 months ended June 2017) than 1H'16 due mainly to lesser PPE addition and disposal of old PPE in 2016.
- (e) 1H'17 wages and salaries were lower mainly due to a decrease in direct and indirect labour headcount and overtime expense. (Headcount: June 2017 = 2,560, June 2016 = 2,983). Included in the 1H'17 wages and salaries were S\$0.7 million of retrenchment cost (1H'16: S\$1.2 million) relating to direct/Indirect labour.
- (f) 1H'17 administrative wages and salaries were higher mainly due to higher provision for bonus compared to 1H'16. This was offset by lower administrative headcount (Headcount: June 2017 = 286, June 2016 = 317). Included in 1H'17 administrative wages and salaries were S\$0.2 million of retrenchment cost (1H'16: S\$0.1 million).
- (g) This relates to loss or gain on disposal of investment securities under investment portfolio managed by an investment bank.
- (h) This relates to fair value gain/(loss) from investment securities under investment portfolio managed by an investment bank.
- (i) This relates to the dividend from equities and bonds under the investment portfolio managed by an investment bank.
- (j) This relates to unrealised fair value gain on forward contracts under an investment portfolio managed by an investment bank.
- (k) The foreign currency loss in Q2'17 was mainly due to the weakening of Hong Kong Dollar ("HK\$") against Chinese Renminbi ("RMB") in Q2'17 (mainly from HK\$ intercompany receivable from and RMB intercompany payable by HK subsidiaries). On the other hand, Q2'16 foreign currency gain was due mainly to the strengthening of the HK\$ against RMB. For 1H'16 foreign currency loss was mainly due to the weakening of the HK\$ against Singapore Dollar ("S\$") from the S\$ loans extended to Mansfield Manufacturing Co. Ltd. Effective 1 July 2016, these S\$ loans had been converted to a long-term HK\$ loan. Under FRS 21, exchange rate differences arising from such long-term loan that forms part of InnoTek's net investment in a foreign operation shall be recognised initially in other comprehensive income (part of shareholder's equity reserve) in the consolidated financial statements and reclassified from equity to profit or loss on disposal of the net investment.
- (l) Q2'17 relates mostly to provision for two long outstanding tooling deposit receivables with quality related issues and after negotiation with customers, decided to waive the receivable to compensate them for rework costs.
- (m) These relate to the investment properties from Magix Mechatronics (Dongguan) Co. Ltd and Mansfield (Suzhou) Manufacturing Co. Ltd. which rental commences in April 2017 (Note 1(b)(i)(B))
- (n) Higher tax expense mainly from profit making subsidiary Magix Mechatronics (Dongguan) Co. Ltd which have utilised the carried forward losses in 1H'17 whereas there was carried forward losses to offset in 1H'16.

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)

		Group		Company	
		As at 30-Jun-17 S\$'000	As at 31-Dec-16 S\$'000	As at 30-Jun-17 S\$'000	As at 31-Dec-16 S\$'000
	Note				
Non-current Assets					
Property, plant and equipment	A	32,277	36,467	6	10
Investment property	B	19,202	16,919	-	-
Prepaid land lease payment		2,832	3,383	-	-
Intangible assets		98	144	19	26
Investment in subsidiary		-	-	47,061	47,061
Investment in joint venture	C	1,534	1,521	-	-
Loan to subsidiary		-	-	24,309	25,702
Deposit paid for purchases of property, plant and equipment		179	572	-	-
Other receivables	D	1,404	1,431	-	-
Deferred tax assets		2,322	3,265	-	-
		59,848	63,702	71,395	72,799
Current Assets					
Inventories		23,672	23,759	-	-
Trade and other receivables		59,407	63,559	3,816	3,310
Tax recoverables		13	58	-	-
Prepayments		824	821	33	66
Held for trading financial assets	E	15,816	15,332	15,816	15,332
Derivatives	F	70	20	70	20
Cash and short-term deposit	G	31,222	30,090	1,943	4,576
		131,024	133,639	21,678	23,304
Total Assets		190,872	197,341	93,073	96,103
Current Liabilities					
Finance lease	1(b)(ii)	23	23	-	-
Trade and other payables		60,019	66,272	501	683
Provisions	H	190	135	-	-
Derivatives	F	76	190	76	190
Tax payable		2,936	2,944	58	1
		63,244	69,564	635	874
Net Current Assets		67,780	64,075	21,043	22,430
Non-current Liabilities					
Provision	H	618	693	-	-
Finance lease		39	50	-	-
Deferred tax liabilities		2,173	2,214	318	318
		2,830	2,957	318	318
Total Liabilities		66,074	72,521	953	1,192
Net Assets		124,798	124,820	92,120	94,911
Share capital		98,021	98,021	98,021	98,021
Treasury shares		(12,997)	(13,164)	(12,997)	(13,164)
Retained earnings		42,213	40,251	6,760	9,785
Other reserves		(2,439)	(288)	336	269
Total Equity		124,798	124,820	92,120	94,911

Notes to Group Balance Sheet

- A On 12 April 2017, the Company announced the incorporation of a Thailand subsidiary, Mansfield (Thailand) Co. Ltd with an initial registered capital of 5 million Baht. It subsequently announced on 18 July 2017 an increase of additional registered capital of 45 million Baht. Total paid-up capital as of the date of announcement was 12.7 million Baht. The paid-up capital was mainly used to pay for first down-payment of 5.2 million Baht (S\$0.2 million) for purchase of a freehold land in the Amata City Industrial Park, Rayong for building a factory and initial working capital. The Thailand subsidiary targets to manufacture products in 2018 to support a major customer who has moved new products production from China to Thailand. The part payment of land is included in the PPE as of 30 June 2017.
- B The increase was due to one of the subsidiaries rented out one of the blocks with total area of 7,700 square meter for 10 years commencing 1 April 2017. The cost of the leasehold building was reclassified as investment property during Q2'17.
- C This relates to the joint venture ("JV") of the Group's wholly-owned subsidiary, Mansfield Manufacturing Company Limited ("Mansfield"), together with Shenzhen Konkia Precision Mould Manufactory Co. Ltd. Anhui KM Technology Co. Ltd which was incorporated with a registered share capital of RMB20 million in which Mansfield holds a 49%-stake. As at 31 March 2016, the Group had completed its injection of RMB9.8 million capital into the Joint Venture. The Group recognized its share of the profit of S\$48,000 from the JV in 1H'17.
- D These are mainly long-term rental and utilities deposit for China factory facilities.
- E These are quoted equities, trusts 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.
- F These derivatives are the unrealised fair value gains or losses from forward contracts under the portfolio investment.
- G The increase in cash and bank balances in 1H'17 was mainly due to positive cash generated from operation.
- H This comprises mainly of provisions for long-service payment.

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

	As at 30-Jun-17 S\$'000	As at 31-Dec-16 S\$'000
Amount repayable in one year or less, on demand		
- Secured	23	23
- Unsecured	-	-
	23	23
Amount repayable after one year		
- Secured	39	50
- Unsecured	-	-
	39	50
Total	62	73

Details of any collateral

Total borrowings as at 30 June 2017 amounted to S\$0.1 million from lease financing (31 December 2016: S\$0.1 million).

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)

		Quarter Ended 30-Jun		6 Months Ended 30-Jun	
		2017	2016	2017	2016
GROUP	Note	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities :					
(Loss) /profit before tax		789	2,493	4,653	2,306
Adjustment items	I	1,768	(1,280)	(313)	(2,715)
Operating cash flows before changes in working capital		2,557	1,213	4,340	(409)
Working capital changes , excluding changes relating to cash		(3,214)	(2,326)	(1,587)	177
Cash flows (used in)/ generated from operations		(657)	(1,113)	2,753	(232)
Net interest and income tax paid		(379)	(54)	(433)	(283)
Net cash flows (used in) / generated from operating activities		(1,036)	(1,167)	2,320	(515)
Cash flows from investing activities :					
Purchase of property, plant and equipment		(780)	(296)	(1,457)	(506)
Deposit refund / (paid) for property, plant and equipment		107	(290)	392	(232)
Proceeds from sale of PPE		2	138	26	182
Additions to intangible assets		-	11	-	-
Proceeds from sale of investment securities		1,888	11,647	3,954	14,730
Acquisition of investment securities under portfolio management		(2,021)	(6,498)	(4,726)	(10,208)
Dividend from investment securities		57	53	106	99
Investment in joint venture		-	-	-	(507)
(Increase) / decrease in deposit of an investment portfolio account		(94)	(5,372)	507	(4,772)
Decrease in pledged time deposits		-	998	-	295
Effect of exchange rate changes	J	(230)	1,710	1,271	4,365
Net cash flows (used in) / generated from investing activities		(1,071)	2,101	73	3,446
Cash flows from financing activities :					
Proceeds from re-issuance of treasury shares		81	-	81	-
Increase in short term financing		-	(2,908)	-	(2,605)
Repayment of finance lease		(7)	-	(11)	-
Dividend paid to ordinary shareholder		(1,119)	-	(1,119)	-
Effect of exchange rate changes		-	134	-	110
Net cash flows used in financing activities		(1,045)	(2,774)	(1,049)	(2,495)
Net change in cash and cash equivalents		(3,152)	(1,840)	1,344	436
Effect of exchange rate changes on cash and cash equivalents		75	(99)	295	210
Cash and cash equivalents as at beginning of period		33,776	25,368	29,060	22,783
Cash and cash equivalents as at end of period	K	30,699	23,429	30,699	23,429

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

I Details of adjustment items as follows:

GROUP	Note	Quarter Ended 30-Jun		6 Months Ended 30-Jun	
		2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Depreciation of property, plant and equipment		1,279	1,497	2,640	3,113
Amortisation of intangible assets		22	65	44	142
Amortisation of prepaid land lease payments		19	22	41	45
Loss / (gain) on disposal of PPE and intangible assets		1	(117)	(23)	(146)
Loss / (gain) on disposal of held for trading investments	1(a)(i)(g)	4	(108)	22	28
Share option expense		112	18	153	36
Allowance / (write-back of allowance) for doubtful debts		136	(180)	(127)	(214)
Net fair value loss / (gain) on held for trading investments	1(a)(i)(h)	104	(42)	260	482
Net fair value loss / (gain) for derivatives	1(a)(i)(j)	121	242	(164)	(4)
Interest expense		1	47	1	83
Interest income		(142)	(75)	(277)	(134)
(Write-back) / allowance of inventory obsolescence		(142)	75	(203)	(119)
Effect of exchange rate changes		380	(2,770)	(2,528)	(5,964)
Share of results of joint venture		(72)	53	(48)	(13)
Provision for severance benefits and restructuring expenses		2	46	2	49
Dividend income from investment securities		(57)	(53)	(106)	(99)
Total		<u>1,768</u>	<u>(1,280)</u>	<u>(313)</u>	<u>(2,715)</u>

J This mainly came from fixed assets translation loss resulting from the change in HK\$/S\$ exchange rate in December 2016 and June 2017.

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

GROUP	As at 30 June	
	2017 S\$'000	2016 S\$'000
Cash and bank balances	30,009	21,786
Cash and bank balance under portfolio investment management	523	5,861
Fixed deposits	690	2,656
Total cash and bank balance per balance sheet	31,222	30,303
Less : Cash and bank balance under portfolio investment management	(523)	(5,861)
Less: Pledged fixed deposit and restricted cash	-	(1,013)
Cash and cash equivalents at end of period	30,699	23,429 *

* The increase in cash and cash equivalents from 30 June 2016 to 30 June 2017 was mainly due to positive cash generated from operation offset by payment of dividend in May 2017.

- 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 Company							Equity attributable to owners of the Company, total Non-controlling interest Total Equity		
	Share capital	Treasury shares	Retained earnings	Foreign currency translation reserve	Share option reserve	Gain or loss on reissuance of treasury shares	Total other reserve			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2017										
Balance at 1 January 2017	98,021	(13,164)	40,251	(557)	269	-	(288)	124,820	-	124,820
Profit for Q1'17	-	-	2,546	-	-	-	-	2,546	-	2,546
Other comprehensive income										
Foreign currency translation	-	-	-	(2,639)	-	-	(2,639)	(2,639)	-	(2,639)
Other comprehensive income	-	-	-	(2,639)	-	-	(2,639)	(2,639)	-	(2,639)
Total comprehensive Income	-	-	2,546	(2,639)	-	-	(2,639)	(93)	-	(93)
Contribution by and distribution to owners										
Share option expense	-	-	-	-	41	-	41	41	-	41
Total contribution by and distribution to owners	-	-	-	-	41	-	41	41	-	41
Balance at 31 March 2017	98,021	(13,164)	42,797	(3,196)	310	-	(2,886)	124,768	-	124,768
Profit for Q2'17	-	-	535	-	-	-	-	535	-	535
Other comprehensive income										
Foreign currency translation	-	-	-	421	-	-	421	421	-	421
Other comprehensive income	-	-	-	421	-	-	421	421	-	421
Total comprehensive income	-	-	535	421	-	-	421	956	-	956
Contribution by and distribution to owners										
Treasury Shares reissued pursuant to employee share options plans	-	167	-	-	(17)	(69)	(86)	81	-	81
Dividends on ordinary shares	-	-	(1,119)	-	-	-	-	(1,119)	-	(1,119)
Share option expense	-	-	-	-	112	-	112	112	-	112
Total contribution by and distribution to owners	-	167	(1,119)	-	95	(69)	26	(926)	-	(926)
Balance at 30 June 2017	98,021	(12,997)	42,213	(2,775)	405	(69)	(2,439)	124,798	-	124,798

Statement of changes in equity (Cont'd)

GROUP	Attributable to owners of the Company							Equity attributable to owners of the Company, Non-controlling interest, Total Equity		
	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Foreign currency translation reserve S\$'000	Share option reserve S\$'000	Gain or loss on reissuance of treasury shares S\$'000	Total other reserve S\$'000	Company, total S\$'000	Non-controlling interest S\$'000	Total Equity S\$'000
2016										
Balance at 1 January 2016	98,021	(13,164)	28,655	2,639	75	-	2,714	116,226	-	116,226
Loss for Q1'16	-	-	(508)	-	-	-	-	(508)	-	(508)
Other comprehensive income										
Foreign currency translation	-	-	-	(2,725)	-	-	(2,725)	(2,725)	-	(2,725)
Total comprehensive income	-	-	(508)	(2,725)	-	-	(2,725)	(3,233)	-	(3,233)
Contribution by and distribution to owners										
Share option expense	-	-	-	-	18	-	18	18	-	18
Total contribution by and distribution to owners	-	-	-	-	18	-	18	18	-	18
Balance at 31 March 2016	98,021	(13,164)	28,147	(86)	93	-	7	113,011	-	113,011
Profit for Q2'16	-	-	2,303	-	-	-	-	2,303	-	2,303
Other comprehensive income										
Foreign currency translation	-	-	-	(2,712)	-	-	(2,712)	(2,712)	-	(2,712)
Total comprehensive income	-	-	2,303	(2,712)	-	-	(2,712)	(409)	-	(409)
Contribution by and distribution to owners										
Share option expense	-	-	-	-	18	-	18	18	-	18
Total contribution by and distribution to owners	-	-	-	-	18	-	18	18	-	18
Balance at 30 June 2016	98,021	(13,164)	30,450	(2,798)	111	-	(2,687)	112,620	-	112,620

Statement of changes in equity (Cont'd)

COMPANY	Attributable to owners of the Company						Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Share option reserve S\$'000	Gain or loss on reissuance of treasury shares S\$'000	Total other reserves S\$'000	
2017							
Balance at 1 January 2017	98,021	(13,164)	9,785	269	-	269	94,911
Loss for Q1'17	-	-	(1,129)	-	-	-	(1,129)
Total comprehensive income	-	-	(1,129)	-	-	-	(1,129)
<u>Contributions by and distribution to owners</u>							
Share option expense	-	-	-	41	-	41	41
Total transactions with owners in their capacity as owners	-	-	-	41	-	41	41
Balance at 31 March 2017	98,021	(13,164)	8,656	310	-	310	93,823
Loss for Q2'17	-	-	(777)	-	-	-	(777)
Total comprehensive income	-	-	(777)	-	-	-	(777)
<u>Contributions by and distribution to owners</u>							
Treasury shares reissued pursuant to employee share option plans	-	167	-	(17)	(69)	(86)	81
Share option expense	-	-	-	112	-	112	112
Dividends on ordinary shares	-	-	(1,119)	-	-	-	(1,119)
Total contributions and distribution to owners	-	167	(1,119)	95	(69)	26	(926)
Balance at 30 June 2017	98,021	(12,997)	6,760	405	(69)	336	92,120
2016							
Balance at 1 January 2016	98,021	(13,164)	9,098	75	-	75	94,030
Loss for Q1'16	-	-	(1,056)	-	-	-	(1,056)
Total comprehensive income	-	-	(1,056)	-	-	-	(1,056)
<u>Contributions by and distribution to owners</u>							
Share option expense	-	-	-	18	-	18	18
Total transactions with owners in their capacity as owners	-	-	-	18	-	18	18
Balance at 31 March 2016	98,021	(13,164)	8,042	93	-	93	92,992
Loss for Q2'16	-	-	(148)	-	-	-	(148)
Total comprehensive income	-	-	(148)	-	-	-	(148)
<u>Contributions by and distribution to owners</u>							
Share option expense	-	-	-	18	-	18	18
Total transactions with owners in their capacity as owners	-	-	-	18	-	18	18
Balance at 30 June 2016	98,021	(13,164)	7,894	111	-	111	92,862

- 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 June 2017 and 31 December 2016 is 246,656,428.

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

	As at 30/6/2017	As at 31/12/2016
Options granted under the InnoTek Employees' Share Option Plan I *	680,000	970,000
Options granted under the InnoTek Employees' Share Option Scheme II **	<u>6,500,000</u>	<u>3,500,000</u>
	<u>7,180,000</u>	<u>4,470,000</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. 6,760,000 options had been forfeited since May 2013 due to staff resignation. No options were forfeited in Q2'17 due to staff resignation. 290,000 treasury shares were reissued for share option on the 31 May 2017

** 2,000,000 share options were granted to Executive Director and Chief Executive Officer of InnoTek Group, Mr. Lou Yiliang at an option price of S\$0.185 on 19 January 2016. Another 3,000,000 share options were granted to him on 9 March 2017 at an option price of S\$0.35. 1,500,000 share options were granted to Chief Operating Officer, Mr. Kuang Yubin at an option price of S\$0.156 on 6 June 2016. The option price for the grant 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 the Grant of Option as determined by the Remuneration Committee.

(b) Treasury Shares

	No of shares '000	S\$'000
Balance as at 1 January 2017	22,821	13,164
Less: Re-issued pursuant to employee share option plans	<u>(290)</u>	<u>(167)</u>
Balance as at 30 June 2017	<u>22,531</u>	<u>12,997</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 30/6/2017		As at 30/6/2016	
	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	<u>(22,531)</u>	<u>(12,997)</u>	<u>(22,821)</u>	<u>(13,164)</u>
Net number of issued shares at the end of period	<u>224,125</u>	<u>85,024</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. **If 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**

The adoption of new/revised FRS will have no material impact on the financial statements of the Group.

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-Jun		6 Months Ended 30-Jun	
	2017	2016	2017	2016
(Loss) /Earning per ordinary share of the Group based on net (loss) /earnings attributable to the owners of the Company :				
(i) Based on the weighted average number of shares (in cents)				
(Loss)/earning per share	0.24	1.03	1.38	0.80
Weighted average number of shares ('000)	223,934	223,835	223,885	223,835
(ii) On a fully diluted basis (in cents)				
(Loss)/earning per share	0.24	1.03	1.36	0.80
Adjusted weighted average number of shares ('000)	226,261	223,835	225,942	223,857

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 30-Jun-17	As at 31-Dec-16	As at 30-Jun-17	As at 31-Dec-16
Net asset value per ordinary share based on the total number of issued share excluding treasury shares as at the end of the period reported on	55.7 cents	55.8 cents *	41.1 cents	42.4 cents

* Reduced mainly due to translation loss as a result of weakening of HK\$ /S\$ exchange rate as at 30 June 2017 (5.67) compared to 31 December 2016 (5.36) and dividend payment of S\$1.1 million in May 2017.

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 June 2017 (Q2'17)

	Q2'17 S\$'000	Q2'16 S\$'000	Q2'17 vs Q2'16 S\$'000	Q2'17 vs Q2'16 %
Turnover				
MSF	49,040	50,638	(1,598)	(3.2)
Net profit/(loss) attributable to owners of the Company				
MSF - before exchange rate impact	1,215	2,049	(834)	(40.7)
Exchange (loss) /gain	(385)	402	NM	NM
MSF Group	830	2,451	(1,621)	(66.1)
InnoTek - before exchange rate impact	(260)	(161)	(99)	(61.5)
Exchange (loss)/ gain - exclude realised forward contract	(35)	13	NM	NM
InnoTek	(295)	(148)	(147)	(99.3)
InnoTek Group - before exchange rate impact	955	1,888	(933)	(49.4)
Exchange (loss)/ gain - exclude realised forward contract	(420)	415	NM	NM
Total Innotek Group	535	2,303	(1,768)	(76.8)
Basic EPS (cents)	0.24	1.03	(0.79)	(76.7)
NM denotes " Not meaningful"				
EPS denotes " Earning per share"				

Turnover

The Group's revenue for the April-to-June 2017 quarter ("Q2'17") decreased by S\$1.6 million or 3.2% to S\$49.0 million from S\$50.6 million in Q2'16.

The lower revenue was mainly due to:

- (1) Revenue decline from the Precision Components segment, due to lower demand for office automation and consumer products. Certain major Japanese customers have also migrated new production programmes from China to plants in South East Asia. In addition, sales for automotive products were slightly lower as current programmes are nearing end-of-life while mass production from some newly secured automotive programmes will only start next year.

This was offset by:

- (2) Revenue increase from the Precision Machining (previously named as Precision subassembly) due mainly to the higher sales from TV Bezel programmes in Q1'17 as compared to Q1'16.
- (3) Tooling sales increased in Q2'17 compared to Q2'16. Tooling sales in Q2'16 was affected by the relocation of Feng Chuan Dongguan to consolidate its operations with Suns Mansfield Dongguan.

Net profit

InnoTek Group recorded a profit of S\$0.5 million in Q2'17, S\$1.8 million lower than Q2'16. The S\$1.8 million decline was due mainly to:

- (1) Mansfield Group ("MSF") recorded a profit of S\$0.8 million, S\$1.6 million lower than Q2'16 due mainly to:
 - a) MSF's gross profit ("GP") margin reduced to 15.8% in Q2'17 from 16.7% in Q2'16 mainly due to lower revenue
 - b) Higher G&A expense mainly from higher bonus provision of S\$0.3 million.
 - c) Higher tax expense of S\$0.3 million mainly from profit making Magix as it has fully utilised the carried forward losses from previous years.
 - d) Exchange loss of S\$0.4 million compared to exchange gain of S\$0.4 million in Q2'16.
- (2) InnoTek's loss in Q2'17 was S\$0.3 million, S\$0.2 million higher compared to a loss of S\$0.1 million in Q2'16. This is due mainly to net loss of S\$0.1 million in Q2'17 compared to net gain of S\$0.1 million from the investment securities portfolio managed by an investment bank. (Please refer to 1(a)(i)(c)).

Review for 6 months ended 30 June 2017 (1H'17)

	1H'17 S\$'000	1H'16 S\$'000	1H'17 vs 1H'16 S\$'000	1H'17 vs 1H'16 %
Turnover				
MSF	100,124	103,599	(3,475)	(3.4)
Net profit/(loss) attributable to owners of the Company				
MSF - before exchange rate impact	4,293	3,613	680	18.8
Exchange loss	(699)	(614)	(85)	(13.8)
MSF Group	3,594	2,999	595	19.8
InnoTek - before exchange rate impact	(319)	(835)	516	61.8
Exchange loss - exclude realised forward contract	(194)	(369)	175	47.4
InnoTek	(513)	(1,204)	691	57.4
InnoTek Group - before exchange rate impact	3,974	2,778	1,196	43.1
Exchange loss	(893)	(983)	90	9.2
Total Innotek Group	3,081	1,795	1,286	71.6
Basic EPS (cents)	1.38	0.80	0.58	72.5
NM denotes "Not meaningful"				

Turnover

The Group's revenue for the January-to-June 2017 period ("1H'17") decreased by S\$3.5 million or 3.4% to S\$100.1 million from S\$103.6 million in 1H'16.

The lower revenue was mainly due to:

- (1) Revenue decline from the Precision Components segment, due to lower demand for office automation and consumer products. Certain major Japanese customers have also allocated new production programmes to plants outside of China. In addition, sales for automotive products were lower as current programmes are nearing end-of-life while mass production from some newly secured automotive programmes have not started mass production.

This was offset by:

- (2) Revenue increase from the Precision Machining (previously named as Precision subassembly) due mainly to the higher sales from TV Bezel programmes in 1H'17 as compared to 1H'16.
- (3) Tooling sales increased in 1H'17 compared to 1H'16. Tooling sales in 1H'16 was affected by the relocation of Feng Chuan Dongguan to consolidate its operations with Suns Mansfield Dongguan.

Net Profit

InnoTek Group recorded a profit of S\$3.1 million in 1H'17, higher by S\$1.3 million compared to the profit of S\$1.8 million in 1H'16 due mainly to:

- (1) Mansfield Group profit for 1H'17 increased to S\$3.6 million, S\$0.6 million higher compared to a profit of S\$3.0 million in 1H'16 due mainly to:
 - a) Despite lower revenue, MSF's gross profit margin increased to 17.4% in 1H'17 from 15.9% in 1H'16. This is mainly due to:
 - i) Lower direct /indirect headcount
 - ii) Lower depreciation due to disposal of old PPE in 2016 and lesser addition of new PPE
 - b) Lower administrative expenses attributable to business tax and statutory charges, motor vehicles expense, repair and maintenance, as well as lower administrative headcount. This was partially offset by higher bonus provision.

This was offset by:

 - c) Higher tax expense of S\$1.3 million mainly from profit making Magix Dongguan as it has fully utilised the carried forward losses from previous years.
- (2) InnoTek's loss in 1H'17 was S\$0.5 million, S\$0.7 million lower compared to a loss of S\$1.2 million in 1H'16 due mainly to:
 - i) Net gain of S\$0.1 million compared to net loss of S\$0.3 million from the investment securities portfolio managed by an investment bank. (Please refer to 1(a)(i)(c)).
 - ii) Lower exchange loss resulting from conversion of loan to Mansfield Manufacturing into long-term loan and exchange difference to be treated as part of other comprehensive income in shareholder's equity reserve [Please refer to 1(a)(k)]

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 operating environment in China remains challenging for the Group, particularly for its office automation ("OA") business segment, as a result of rising cost pressures across the board.

The OA business has seen a more evident drop in sales as some major customers accelerated the relocation of production to lower-cost countries in Southeast Asia. The Group incorporated Mansfield (Thailand) Co. Ltd ("Mansfield Thailand") in April 2017 and has increased its registered share capital to satisfy partial payment for land purchased in the Amata City (Rayong) Industrial Estate in Thailand. Upon setting up a factory in Thailand, which will be completed only in the first half of FY2018 ("1H'18"), Mansfield Thailand expects production to commence in the second half of FY2018 ("2H'18"). All operational activities in Thailand will be supported from Dongguan until the completion of Mansfield Thailand.

The Group is constantly striving to secure more automobile programmes, as its automotive sector has the longest product life cycle among the Group's three business segments. The Group will be increasing its involvement in the car seat business, with an extension into the children's car seat segment as a new revenue stream. In the first half of FY2017, two of the Group's factories – Mansfield (Wuhan) and Sun Mansfield (Dongguan) – have received several car seat moulds and stamping orders.

The TV segment remains competitive as a major customer has changed the design of its TV bezel, replacing the bottom portion with plastic instead of a full aluminum TV bezel to reduce costs. This possible drop in TV bezel sales will be cushioned by the introduction of a new product – a heat sink – a type of aluminum alloy CNC machining product with high flatness and structural requirements. The Group has been increasing its sales efforts and has begun taking orders for heat sinks for use in both TVs as well as computers. The TV segment will remain an important contributor for the Group.

The Group remains cautiously optimistic about its outlook for FY2017. Following the restructuring efforts in FY2016, the Group's focus this year will be on driving internal efficiencies and achieving cost savings, as well as new customer acquisitions and product innovations to counter the tough operating environment. Revenue contributions from Mansfield Thailand's operations are expected to commence from 2H'18 and will gather momentum from FY2019, which will help address the issue of Japanese customers migrating the business volume of their OA products out of China.

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

No dividend was declared for the present financial period

- 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.**

Interested Parties transactions for the 6 months ended 30 June 2017

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to <u>Rule 920</u>) S\$	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Dongguan Konkia Mould Plastic Co., Ltd	22,913	N/A
Anhui KM Technology Co.Ltd	1,033,425	N/A
Toyoichi Tsusho Co., Ltd	23,412	N/A
Wuhan Grand Mould Plastic Co. Ltd	335,358	N/A

- 14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

- 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 financial results of the Company and of the Group for the second quarter ended 30 June 2017 to be false or misleading in any material aspects.

Signed by Neal Manilal Chandaria, Chairman and Lou Yiliang, Chief Executive Officer

BY ORDER OF THE BOARD

Lou Yiliang
Chief Executive Officer
12 August 2017