



FRENCKEN GROUP LIMITED

(Registration No. 199905084D)

Unaudited Full Year Financial Statements And Dividend Announcement

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

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

	3 months ended			12 months ended		
	31/12/12	31/12/11	%	31/12/12	31/12/11	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Revenue	95,311	86,222	10.5%	360,957	335,547	7.6%
Cost of sales	(85,692)	(78,652)	9.0%	(329,332)	(301,776)	9.1%
Gross profit	9,619	7,570	27.1%	31,625	33,771	-6.4%
Other income	1,442	1,958	-26.4%	4,109	4,068	1.0%
Selling and distribution expenses	(2,447)	(2,227)	9.9%	(9,290)	(7,496)	23.9%
Administrative and general expenses	(8,336)	(4,409)	89.1%	(22,340)	(17,285)	29.2%
Other operating expenses	(1,106)	(915)	20.9%	(2,673)	(967)	176.4%
Interest income	96	94	2.1%	187	489	-61.8%
Finance costs	(610)	(102)	498.0%	(1,133)	(426)	166.0%
(Loss)/Profit before income tax and exceptional items	(1,342)	1,969	N.M.	485	12,154	-96.0%
Exceptional items (Note 1)	(5,705)	(3,751)	52.1%	(6,310)	(3,751)	68.2%
(Loss)/Profit before income tax	(7,047)	(1,782)	295.5%	(5,825)	8,403	N.M.
Income tax expense	(3,694)	912	N.M.	(5,899)	(1,062)	455.5%
Total (loss)/profit	(10,741)	(870)	1134.6%	(11,724)	7,341	N.M.
Net (Loss)/Profit attributable to:						
Equity holders of the Company	(10,776)	(870)	1138.6%	(11,810)	7,341	N.M.
Non-controlling interests	35	-	N.M.	86	-	N.M.
	(10,741)	(870)	1134.6%	(11,724)	7,341	N.M.

Note 1 - Exceptional items comprise:-

	Note						
Provision for settlement of product liability claim	(i)	-	(3,088)	N.M.	-	(3,088)	N.M.
Impairment loss of financial asset, available-for-sale	(ii)	(390)	(700)	-44.3%	(390)	(700)	-44.3%
Impairment loss of goodwill in subsidiary	(iii)	(3,309)	-	N.M.	(3,309)	-	N.M.
Impairment loss of deferred development costs	(iv)	(1,729)	-	N.M.	(1,729)	-	N.M.
Acquisition expenses	(v)	(1,425)	(570)	150.0%	(2,030)	(570)	256.1%
Negative goodwill arising from acquisition	(vi)	1,148	-	N.M.	1,148	-	N.M.
Surplus on winding up of a subsidiary	(vii)	-	607	N.M.	-	607	N.M.
		(5,705)	(3,751)	52.1%	(6,310)	(3,751)	68.2%

Note

- In respect of an amicable settlement reached between the Group and a customer of the Mechatronics Division in FY2011.
- In respect of the Group's investment in MTIC Holdings Pte. Ltd in FY2011 and FY2012.
- In respect of goodwill of a subsidiary within the EMS division in FY2012.
- In respect of deferred development costs for certain projects undertaken by a subsidiary within the EMS division In FY2012.
- In respect of acquisition expenses incurred in FY2012 and FY2011 for the acquisition of Juken Technology Limited.
- Relates to negative goodwill from the Group's acquisition of Juken Technology Limited which is recognised as a gain in the income statement of FY2012 in accordance with FRS 103 - Business Combinations.
- In respect of realisation of foreign exchange currency translation reserve as a result of winding up of a subsidiary, ElectroTech EU Limited in FY2011.

N.M. : Not meaningful

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

	Group			Group		
	3 months ended			12 months ended		
	31/12/12	31/12/11	%	31/12/12	31/12/11	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
(Loss)/Profit for the period/year is arrived at after charging/(crediting) :-						
Investment income	-	-	-	-	-	-
Other income including interest income	(1,538)	(2,052)	-25.0%	(4,296)	(4,557)	-5.7%
Interest on borrowings	610	102	498.0%	1,133	426	166.0%
Depreciation of property, plant and equipment	4,871	3,142	55.0%	14,182	11,902	19.2%
Amortisation of deferred gain	(266)	(266)	0.0%	(1,063)	(1,063)	0.0%
Amortisation of intangible assets	509	33	1442.4%	689	33	1987.9%
(Write-back)/Allowance for doubtful debts and bad debts written off	559	46	1115.2%	527	(386)	N.M.
(Write back)/Allowance for inventory obsolescence	333	428	-22.2%	433	992	-56.4%
Impairment in value of investments	-	-	-	-	-	-
Foreign exchange (gain)/ loss, net	(259)	86	N.M.	1,047	477	119.5%
Adjustments for (over)/ under provision of tax in respect of prior years	(188)	180	N.M.	(193)	302	N.M.
(Gain)/Loss on disposal of property, plant and equipment	(10)	(173)	-94.2%	(184)	(206)	-10.7%
Property, plant and equipment written off	127	1	12600.0%	129	27	377.8%
Impairment loss of property, plant and equipment	14	-	N.M.	14	-	N.M.
Exceptional items:-						
Provision for settlement of product liability claim	-	3,088	N.M.	-	3,088	N.M.
Impairment loss of financial asset, available-for-sale	390	700	-44.3%	390	700	-44.3%
Impairment loss of goodwill in subsidiary	3,309	-	N.M.	3,309	-	N.M.
Impairment loss of deferred development costs	1,729	-	N.M.	1,729	-	N.M.
Acquisition expenses	1,425	570	150.0%	2,030	570	256.1%
Negative goodwill arising from acquisition	(1,148)	-	N.M.	(1,148)	-	N.M.
Surplus on winding up of a subsidiary	-	(607)	N.M.	-	(607)	N.M.

N.M. : Not meaningful

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

	Group		Company	
	31/12/12 \$'000	31/12/11 \$'000	31/12/12 \$'000	31/12/11 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	111,477	74,729	-	-
Investments in subsidiaries	-	-	122,696	74,371
Financial asset, available-for-sale	5,310	5,700	5,310	5,700
Intangible assets	17,847	12,243	-	-
Deferred income tax assets	1,135	3,559	-	-
Other receivables, deposits and prepayments	3,540	4,556	-	-
	<u>139,309</u>	<u>100,787</u>	<u>128,006</u>	<u>80,071</u>
CURRENT ASSETS				
Inventories	82,024	70,830	-	-
Trade receivables	75,390	69,963	-	-
Receivables from subsidiaries	-	-	9,342	5,055
Dividends receivable from subsidiaries	-	-	3,161	3,637
Other receivables, deposits and prepayments	7,439	4,981	42	24
Tax recoverable	1,332	433	-	-
Cash and cash equivalents	50,285	35,495	30,226	17,095
	<u>216,470</u>	<u>181,702</u>	<u>42,771</u>	<u>25,811</u>
Total assets	355,779	282,489	170,777	105,882
CURRENT LIABILITIES				
Trade payables	40,342	32,340	-	-
Other payables, accruals and provisions	28,549	26,028	1,462	819
Deferred gain	1,063	1,063	-	-
Borrowings	48,110	20,447	-	-
Income tax payable	1,476	366	6	5
	<u>119,540</u>	<u>80,244</u>	<u>1,468</u>	<u>824</u>
NON CURRENT LIABILITIES				
Deferred gain	3,987	5,050	-	-
Borrowings	40,490	35	36,054	-
Deferred income tax liabilities	3,756	798	-	-
	<u>48,233</u>	<u>5,883</u>	<u>36,054</u>	<u>-</u>
Total liabilities	<u>167,773</u>	<u>86,127</u>	<u>37,522</u>	<u>824</u>
NET ASSETS	<u>188,006</u>	<u>196,362</u>	<u>133,255</u>	<u>105,058</u>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	99,538	90,552	99,538	90,552
Treasury shares	(1,903)	(1,998)	(1,903)	(1,998)
Foreign currency translation reserve	(13,914)	(8,962)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	(112)	(102)	(112)	(102)
Statutory reserve fund	554	506	-	-
Share option reserve	1,835	1,447	1,835	1,447
Retained profits	98,499	112,574	33,897	15,159
	<u>186,842</u>	<u>196,362</u>	<u>133,255</u>	<u>105,058</u>
Non-controlling interests	1,164	-	-	-
TOTAL EQUITY	<u>188,006</u>	<u>196,362</u>	<u>133,255</u>	<u>105,058</u>

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

Amount repayable in one year or less, or on demand

As at 31/12/12	
Secured \$'000	Unsecured \$'000
29,363	18,747

As at 31/12/11	
Secured \$'000	Unsecured \$'000
35	20,412

Amount repayable after one year

As at 31/12/12	
Secured \$'000	Unsecured \$'000
39,373	1,117

As at 31/12/11	
Secured \$'000	Unsecured \$'000
35	-

Details of any collateral

Details of the borrowings of the Group and the Company and its securities as at 31 December 2012 are as follows:

	Note	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	26,226	310	26,536
Other short-term borrowings		-	16,090	16,090
Finance lease	(ii)	4,301	-	4,301
Term Loans	(iii)	38,209	3,464	41,673
		<u>68,736</u>	<u>19,864</u>	<u>88,600</u>

(i) bank overdrafts of :-

- (a) \$25,797,000 is secured by mortgage over a property, pledged on the trade receivables and inventories of all subsidiaries of the Company in The Netherlands; and
- (b) \$429,000 is secured over first charge on the entire present and future fixed assets of a subsidiary in India.

(ii) finance lease liabilities are secured by certain equipment and motor vehicles of the Group.

(iii) Term loans of :-

- (a) \$36,054,000 is secured by fixed deposit pledged of \$18,027,000 by the Company and a charge over the shares of Juken Technology Limited;
- (b) \$950,000 is secured by properties of a subsidiary in Malaysia;
- (c) \$200,000 is secured by first charge on the entire present and future fixed assets of a subsidiary in India; and
- (d) \$1,005,000 is secured against certain fixed deposit and machineries of the subsidiaries in China

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

	Group		Group	
	3 months ended	3 months ended	12 months ended	12 months ended
	31/12/12	31/12/11	31/12/12	31/12/11
	\$ '000	\$ '000	\$ '000	\$ '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Total (loss)/profit	(10,741)	(870)	(11,724)	7,341
Adjustments for:				
Income tax expense	3,694	(912)	5,899	1,062
Exchange differences	775	(888)	1,761	(732)
Employee share option expense	86	160	440	778
Depreciation of property, plant and equipment	4,871	3,142	14,182	11,902
Loss/(Gain) on disposal of property, plant and equipment, net	(10)	(173)	(184)	(206)
Property, plant and equipment written off	127	1	129	27
Interest income	(96)	(94)	(187)	(489)
Interest expense	610	102	1,133	426
Amortisation of deferred gain	(266)	(266)	(1,063)	(1,063)
Amortisation of intangible assets	509	33	689	33
Impairment loss of financial asset, available-for-sale	390	700	390	700
Impairment loss of goodwill in subsidiary	3,309	-	3,309	-
Impairment loss of deferred development costs	1,729	-	1,729	-
Impairment loss of property, plant and equipment	14	-	14	-
Negative goodwill arising from acquisition	(1,148)	-	(1,148)	-
Surplus on winding up of a subsidiary	-	(607)	-	(607)
Operating cash flow before working capital changes	3,853	328	15,369	19,172
Changes in operating assets and liabilities :				
Inventories	1,504	2,559	(1,082)	(9,596)
Receivables	19,684	(4,809)	15,938	2,422
Payables	(10,591)	2,314	(10,163)	(813)
Cash flows generated from operations	14,450	392	20,062	11,185
Tax paid	(588)	(2,091)	(3,901)	(4,336)
Tax refunded	7	-	44	-
Interest paid	(601)	(20)	(1,124)	(344)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	13,268	(1,719)	15,081	6,505
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	96	94	187	489
Addition of deferred development costs	(508)	(121)	(983)	(568)
Purchase of property, plant and equipment (Note 1)	(6,625)	(5,801)	(16,225)	(20,327)
Proceeds from disposal of property, plant and equipment	53	372	299	600
Acquisition of a subsidiary, net of cash acquired (Note 2)	(8,255)	-	(36,100)	-
NET CASH USED IN INVESTING ACTIVITIES	(15,239)	(5,456)	(52,822)	(19,806)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from re-issuance of treasury shares	-	-	62	384
Purchase of treasury shares	-	-	-	(73)
Repayment of finance lease liabilities	(438)	(76)	(629)	(358)
Repayment of short term borrowings	(18,165)	(28,230)	(114,077)	(83,810)
Repayment of term loans	(741)	-	(741)	(6,048)
Proceeds from short term borrowings	18,632	29,429	110,851	88,480
Proceeds from term loans	15,373	-	36,146	-
Dividend paid to shareholders	-	-	(2,246)	(5,296)
Placement of deposits pledged as securities	(7,864)	-	(18,251)	-
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	6,797	1,123	11,115	(6,721)
Net increase/(decrease) in cash and cash equivalents	4,826	(6,052)	(26,626)	(20,022)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD / YEAR	379	38,781	32,675	52,998
Effect of exchange rate changes on cash and cash equivalents	293	(54)	(551)	(301)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	5,498	32,675	5,498	32,675

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

	Group		Group	
	3 months ended		12 months ended	
	31/12/12	31/12/11	31/12/12	31/12/11
	\$ '000	\$ '000	\$ '000	\$ '000
Cash and cash equivalents at end of the financial period comprise:				
Short term fund placed with a Malaysian financial institution	16	17	16	17
Deposits with licensed banks	31,462	12,377	31,462	12,377
Cash and bank balances	18,807	23,101	18,807	23,101
Bank overdrafts	(26,536)	(2,820)	(26,536)	(2,820)
	23,749	32,675	23,749	32,675
Less: Deposits pledge as securities	(18,251)	-	(18,251)	-
	5,498	32,675	5,498	32,675

Note 1 : Purchase of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$16,864,000 (31.12.2011: \$21,216,000) of which \$237,000 (31.12.2011: \$Nil) was acquired by means of finance lease arrangement and \$402,000 (31.12.2011: \$889,000) included in other payables at balance sheet date. Cash payments of \$16,225,000 (31.12.2011: \$20,327,000) were made to purchase these property, plant and equipment.

Note 2 : Acquisition of Subsidiaries

(a) On 17 January 2012, the Group acquired 80% equity interest in Frencken America Inc. ("FA") (formerly known as US Motion Inc.) for a cash consideration of \$3,484,000.

(b) On 5 October 2012, the Company owned 91.76% of equity interest in Juken Technology Limited ("Juken") and its interest was subsequently increased to 96.42% on 19 October 2012. On 23 October 2012, the Company exercised its right to compulsorily acquired all the remaining shares in Juken pursuant to Section 215(1) of the Companies Act. On 3 December 2012, the Company has completed the compulsory acquisition and Juken became a wholly owned subsidiary of the Company.

The fair values of the identifiable assets and liabilities assumed of FA and Juken as at the date of acquisition are as follows:

	Frencken	Juken	Total
	America Inc.	Technology Limited	
	\$ '000	\$ '000	\$ '000
Property, plant and equipment	661	36,438	37,099
Intangible assets	-	7,959	7,959
Deferred income tax assets	-	545	545
Inventories	1,153	10,881	12,034
Trade and other receivables	724	24,298	25,022
Cash and cash equivalents	200	8,829	9,029
Tax recoverable	-	474	474
Trade and other payables	(526)	(21,322)	(21,848)
Bank overdrafts	-	(454)	(454)
Other bank borrowings	(992)	(10,965)	(11,957)
Income tax payable	-	(1,083)	(1,083)
Deferred income tax liabilities	-	(3,407)	(3,407)
Non-controlling interests	-	(868)	(868)
Identifiable net assets acquired	1,220	51,325	52,545
Less: Non-controlling interest at fair value	(244)	-	(244)
Goodwill arising from acquisition	2,508	-	2,508
Negative goodwill arising from acquisition taken to income statements	-	(1,148)	(1,148)
Consideration transferred to the business	3,484	50,177	53,661
Purchase consideration			
Cash paid	3,484	41,191	44,675
Issuance of 27,734,084 ordinary shares at \$0.324 each	-	8,986	8,986
Total purchase consideration	3,484	50,177	53,661

The effect of the acquisition on cash flow was as follows:

Cash paid (as above)	3,484	41,191	44,675
Less : Cash and cash equivalents in subsidiary acquired	(200)	(8,375)	(8,575)
Net cash outflow on acquisition	3,284	32,816	36,100

1(d) Consolidated statement of comprehensive income

	3 months ended		12 months ended	
	31/12/12	31/12/11	31/12/12	31/12/11
	\$'000	\$'000	\$ '000	\$ '000
Statement of Comprehensive Income				
Total (loss)/profit	(10,741)	(870)	(11,724)	7,341
Other comprehensive (expense)/income for the period/year :				
- Currency translation differences	1,421	(1,218)	(4,986)	(3,062)
Total comprehensive (expense)/ income for the period/year	(9,320)	(2,088)	(16,710)	4,279
Attributable to:				
Equity holders of the Company	(9,340)	(2,088)	(16,762)	4,279
Non-controlling interests	20	-	52	-
Total comprehensive (expense)/income for the period/year	(9,320)	(2,088)	(16,710)	4,279

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

(a) Statement of changes in equity for the quarter ended 31 December 2012 and 31 December 2011

	Attributable to equity holders of the Company										
	Share Capital \$ '000	Treasury Shares \$ '000	Foreign Currency Translation Reserve \$ '000	Merger Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Retained Profits \$ '000	Total \$ '000	Non-Controlling Interests \$ '000	Total Equity \$ '000
The Group											
At 1 October 2012	90,552	(1,903)	(15,350)	2,345	(112)	557	1,749	109,272	187,110	276	187,386
Total comprehensive (expense)/ income for the quarter	-	-	1,436	-	-	-	-	(10,776)	(9,340)	20	(9,320)
Transfer to statutory reserve fund	-	-	-	-	-	(3)	-	3	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	86	-	86	-	86
- Treasury shares re-issued	-	-	-	-	-	-	-	-	-	-	-
Transfer arising from forfeited share options	-	-	-	-	-	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	868	868
Issue of share capital	8,986	-	-	-	-	-	-	-	8,986	-	8,986
At 31 December 2012	<u>99,538</u>	<u>(1,903)</u>	<u>(13,914)</u>	<u>2,345</u>	<u>(112)</u>	<u>554</u>	<u>1,835</u>	<u>98,499</u>	<u>186,842</u>	<u>1,164</u>	<u>188,006</u>
At 1 October 2011	90,552	(1,998)	(7,744)	2,345	(102)	525	1,287	113,425	198,290	-	198,290
Total comprehensive (expense)/ income for the quarter	-	-	(1,218)	-	-	-	-	(870)	(2,088)	-	(2,088)
Transfer to statutory reserve fund	-	-	-	-	-	(19)	-	19	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	160	-	160	-	160
- Treasury shares re-issued	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2011	<u>90,552</u>	<u>(1,998)</u>	<u>(8,962)</u>	<u>2,345</u>	<u>(102)</u>	<u>506</u>	<u>1,447</u>	<u>112,574</u>	<u>196,362</u>	<u>-</u>	<u>196,362</u>
	Attributable to equity holders of the Company										
	Share Capital \$ '000	Treasury Shares \$ '000	Foreign Currency Translation Reserve \$ '000	Merger Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Retained Profits \$ '000	Total \$ '000		
The Company											
At 1 October 2012	90,552	(1,903)	-	-	(112)	-	1,749	44,497	134,783		
Total comprehensive income for the quarter	-	-	-	-	-	-	-	(10,600)	(10,600)		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	86	-	86		
- Treasury shares re-issued	-	-	-	-	-	-	-	-	-		
Reversal arising from forfeited share options	-	-	-	-	-	-	-	-	-		
Issue of share capital	8,986	-	-	-	-	-	-	-	8,986		
At 31 December 2012	<u>99,538</u>	<u>(1,903)</u>	<u>-</u>	<u>-</u>	<u>(112)</u>	<u>-</u>	<u>1,835</u>	<u>33,897</u>	<u>133,255</u>		
At 1 October 2011	90,552	(1,998)	-	-	(102)	-	1,287	12,793	102,532		
Total comprehensive expense for the quarter	-	-	-	-	-	-	-	2,366	2,366		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	160	-	160		
- Treasury shares re-issued	-	-	-	-	-	-	-	-	-		
At 31 December 2011	<u>90,552</u>	<u>(1,998)</u>	<u>-</u>	<u>-</u>	<u>(102)</u>	<u>-</u>	<u>1,447</u>	<u>15,159</u>	<u>105,058</u>		

(b) Statement of changes in equity for the twelve months ended 31 December 2012 and 31 December 2011

	Attributable to equity holders of the Company										
	Share Capital \$ '000	Treasury Shares \$ '000	Foreign Currency Translation Reserve \$ '000	Merger Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Retained Profits \$ '000	Total \$ '000	Non-Controlling Interests \$ '000	Total Equity \$ '000
The Group											
At 1 January 2012	90,552	(1,998)	(8,962)	2,345	(102)	506	1,447	112,574	196,362	-	196,362
Total comprehensive (expense)/ income for the financial year	-	-	(4,952)	-	-	-	-	(11,810)	(16,762)	52	(16,710)
Transfer to statutory reserve fund	-	-	-	-	-	48	-	(48)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	440	-	440	-	440
- Treasury shares re-issued	-	95	-	-	(10)	-	(23)	-	62	-	62
Transfer arising from forfeited share options	-	-	-	-	-	-	(29)	29	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	1,112	1,112
Issue of share capital	8,986	-	-	-	-	-	-	-	8,986	-	8,986
Dividend paid	-	-	-	-	-	-	-	(2,246)	(2,246)	-	(2,246)
At 31 December 2012	<u>99,538</u>	<u>(1,903)</u>	<u>(13,914)</u>	<u>2,345</u>	<u>(112)</u>	<u>554</u>	<u>1,835</u>	<u>98,499</u>	<u>186,842</u>	<u>1,164</u>	<u>188,006</u>
At 1 January 2011	90,552	(2,544)	(5,900)	2,345	-	571	802	110,464	196,290	-	196,290
Total comprehensive (expense)/ income for the financial year	-	-	(3,062)	-	-	-	-	7,341	4,279	-	4,279
Purchase of treasury share	-	(73)	-	-	-	-	-	-	(73)	-	(73)
Transfer to statutory reserve fund	-	-	-	-	-	(65)	-	65	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	778	-	778	-	778
- Treasury shares re-issued	-	619	-	-	(102)	-	(133)	-	384	-	384
Dividend paid	-	-	-	-	-	-	-	(5,296)	(5,296)	-	(5,296)
At 31 December 2011	<u>90,552</u>	<u>(1,998)</u>	<u>(8,962)</u>	<u>2,345</u>	<u>(102)</u>	<u>506</u>	<u>1,447</u>	<u>112,574</u>	<u>196,362</u>	<u>-</u>	<u>196,362</u>
	Attributable to equity holders of the Company										
	Share Capital \$ '000	Treasury Shares \$ '000	Foreign Currency Translation Reserve \$ '000	Merger Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Retained Profits \$ '000	Total \$ '000		
The Company											
At 1 January 2012	90,552	(1,998)	-	-	(102)	-	1,447	15,159	105,058		
Total comprehensive income for the financial year	-	-	-	-	-	-	-	20,984	20,984		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	440	-	440		
- Treasury share re-issued	-	95	-	-	(10)	-	(23)	-	62		
Reversal arising from forfeited share options	-	-	-	-	-	-	(29)	-	(29)		
Issue of share capital	8,986	-	-	-	-	-	-	-	8,986		
Dividend paid	-	-	-	-	-	-	-	(2,246)	(2,246)		
At 31 December 2012	<u>99,538</u>	<u>(1,903)</u>	<u>-</u>	<u>-</u>	<u>(112)</u>	<u>-</u>	<u>1,835</u>	<u>33,897</u>	<u>133,255</u>		
At 1 January 2011	90,552	(2,544)	-	-	-	-	802	18,128	106,938		
Total comprehensive income for the financial year	-	-	-	-	-	-	-	2,327	2,327		
Purchase of treasury shares	-	(73)	-	-	-	-	-	-	(73)		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	778	-	778		
- Treasury shares re-issued	-	619	-	-	(102)	-	(133)	-	384		
Dividend paid	-	-	-	-	-	-	-	(5,296)	(5,296)		
At 31 December 2011	<u>90,552</u>	<u>(1,998)</u>	<u>-</u>	<u>-</u>	<u>(102)</u>	<u>-</u>	<u>1,447</u>	<u>15,159</u>	<u>105,058</u>		

1(e)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other 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.

Issued and paid up capital

During the quarter, the Company issued 27,734,084 ordinary shares as consideration for the acquisition of approximately 20% equity interest in Juken Technology Limited. Arising from this, the issued and paid up capital of the Company has increased from 376,184,325 shares to 403,918,409 shares.

	Total number of issued shares as at	
	31/12/12	31/12/11
Number of issued shares	403,918,409	376,184,325
Number of treasury shares	(7,621,000)	(8,001,000)
Total number of issued shares excluding treasury shares	396,297,409	368,183,325

Share options

The movement of share options of the Company during the period from 1 October 2012 to 31 December 2012 is as follows:

Date of grant	Number of ordinary shares under option					Exercise Price	Exercise period
	As at 1.10.2012	Granted during the period	Forfeited during the period	Exercised during the period	As at 31.12.2012		
1.12.2008 (2008 Option)	5,740,000	-	-	-	5,740,000	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	7,460,000	-	-	-	7,460,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	8,200,000	-	-	-	8,200,000	\$0.224	1.12.2012 - 30.11.2020
	21,400,000	-	-	-	21,400,000		

	Total number of shares as at	
	31/12/12	31/12/11
Total number of shares that may be issued on exercise of share options outstanding	21,400,000	22,690,000

1(e)(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 immediately preceding year.

	As at	
	31/12/12	31/12/11
Total number of issued shares excluding treasury shares	396,297,409	368,183,325

1(e)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

No treasury shares were sold, transferred, disposed, cancelled or use during the quarter ended 31 December 2012.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited and reviewed by the independent auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recent audited financial statements as well as all the applicable new/revised Financial Reporting Standards (FRS) and FRS interpretations which became effective for the financial years beginning on or after 1 January 2012.

5. If there are any changes in the accounting policies and methods 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 the new/revised FRS and FRS interpretations did not result in any substantial change to the Group's accounting policies nor any material impact on the Group's financial results.

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

	Group 3 months ended		Group 12M ended	
	31/12/12	31/12/11	31/12/12	31/12/11
(Loss)/Earnings per ordinary share of the Group based on net profit attributable to the shareholders of the Company:				
(i) Based on weighted average number of shares (in cents)	(2.77)	(0.24)	(3.16)	2.00
- Weighted average number of shares (in thousand)	389,062	368,183	373,517	367,527
(ii) On a fully diluted basis (in cents)	(2.77)	(0.24)	(3.16)	1.96
- Adjusted weighted average number of shares (in thousand)	391,245	373,559	376,968	373,670

Basic (loss)/earnings per share for the period/year is calculated based on the weighted average number of ordinary shares in issue.

There were no diluted (loss)/earnings per share for the current quarter ended 31 December 2012, corresponding quarter ended 31 December 2011 and financial year ended 31 December 2012 as there were antidilutive effect.

7. Net asset 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 financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	31/12/12	31/12/11	31/12/12	31/12/11
Net asset value per ordinary share based on issued share capital at the end of financial year (cents)	47.15	53.33	33.62	28.53

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 31.12.2012 of 396,297,409 (31.12.2011 : 368,183,325).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

a. 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; and

b. any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Frencken Group is a high-technology capital and consumer equipment service provider that serves a global customer base. Its business is classified under two main divisions.

- The Mechatronics Division provides solutions for the design, development and production of complex, high precision industrial machinery and capital equipment for global Original Equipment Manufacturers from the medical, semiconductor, analytical and industrial automation industries. This division has a network of production facilities strategically located in The Netherlands, Singapore, China, Malaysia and USA.
- The EMS Division offers integrated design and manufacturing services for automotive, office automation, consumer and industrial products. The division has multiple manufacturing facilities located in the strategic growth markets of Southeast Asia (Malaysia, Thailand, Singapore and Indonesia), China and India. In addition, the division has a design and development facility in Switzerland.

Key Corporate Development

On 23 August 2012, the Group announced a conditional voluntary general offer (the "Offer") for all the issued and paid up ordinary shares in the capital of Juken Technology Limited ("Juken").

The Offer turned unconditional on 17 September 2012. On 5 October 2012 the Group owned 91.76% interest in Juken and exercised effective control with effect from this date. The Group subsequently completed the compulsory acquisition of a 100% interest in Juken on 3 December 2012. As such, Juken's post acquisition results have been consolidated in the Group's financial statements for the 12 months ended 31 December 2012 ("FY2012").

Juken specialises in the manufacture of precision moulded plastic components used in automotive, camera, office equipment, data storage and medical equipment. It now operates under the EMS Division.

Income Statement

Group Revenue

	1Q	2Q	3Q	4Q	Full Year
FY2012 (S\$ m)	89.7	92.7	83.3	95.3	361.0
FY2011 (S\$ m)	82.8	88.6	77.9	86.2	335.5
y-o-y (%)	8.3	4.6	6.9	10.5	7.6

For FY2012, Group revenue increased 7.6% to S\$361.0 million from S\$335.5 million in FY2011. This can be attributed to higher revenue from both the Mechatronics and EMS Division which also includes full-year sales from Frencken America and one quarter sales from Juken.

For 4Q12, Group revenue increased 10.5% to S\$95.3 million, from S\$86.2 million in 4Q11, due mainly to the inclusion of sales from Juken during the period in review. If sales from Juken are excluded, the Group would have reported revenue of S\$75.6 million in 4Q12, a decline of 12.3% compared to 4Q11.

Revenue breakdown by Division

	4Q12		4Q11		y-o-y	FY2012	FY2011	y-o-y
	S\$ m	%	S\$ m	%	%	S\$ m	S\$ m	%
Mechatronics	58.1	61.0	68.0	78.8	(14.4)	270.5	266.4	1.5
EMS	37.2	39.0	18.2	21.2	103.3	90.5	69.1	30.8
Total	95.3	100.0	86.2	100.0	10.5	361.0	335.5	7.6

Revenue at the Mechatronics Division increased 1.5% to S\$270.5 million in FY2012, from S\$266.4 million in FY2011. Improved sales of the analytical, industrial automation and medical segments, in addition to full-year sales of Frencken America, Inc ("Frencken America") more than offset lower sales of the semiconductor segment. As approximately 62% of the Mechatronics Division's sales are denominated in Euro, this division's revenue would have been higher in FY2012 if not for the 6.7% depreciation in the average value of the Euro against the Singapore Dollar vis-à-vis FY2011.

Revenue at the EMS Division increased 30.8% to S\$90.5 million in FY2012 from S\$69.1 million in FY2011, lifted mainly by the sales contribution of Juken in 4Q12. If sales from Juken are excluded, the EMS Division would have recorded revenue of S\$70.8 million, an increase of 2.4% over FY2011. Higher sales in the automotive segment more than offset lower sales of the office automation, tooling and others segments.

The Mechatronics Division accounted for a dominant 74.9% share of the Group's revenue in FY2012, albeit lower than its contribution of 79.4% in FY2011 attributable to the inclusion of Juken's post acquisition revenue. If Juken's revenue is excluded, the Mechatronics Division's share of Group revenue would have been sustained at 79.2%.

Mechatronics Division

Revenue breakdown by Business Segment

	4Q12	4Q11	y-o-y	3Q12	FY2012	FY2011	y-o-y
	S\$ m	S\$ m	%	S\$ m	S\$ m	S\$ m	%
Semiconductor	9.1	17.0	(46.3)	15.9	57.7	73.4	(21.4)
Medical	14.7	17.1	(13.9)	17.0	64.9	62.4	4.0
Analytical	18.5	13.6	36.5	15.7	71.2	58.3	22.2
Industrial Automation	6.9	9.6	(28.4)	9.2	42.3	39.2	7.8
Others	8.9	10.7	(16.5)	8.6	34.4	33.1	3.9
Total	58.1	68.0	(14.4)	66.4	270.5	266.4	1.5

Revenue from the semiconductor segment declined 21.4% to S\$57.7 million in FY2012, from S\$73.4 million in FY2011, as slower conditions in the global semiconductor equipment industry during the year led to lower sales in both Europe and Asia. Sales of this segment are typically cyclical in nature.

At the medical segment, revenue increased 4.0% to S\$64.9 million in FY2012 from S\$62.4 million in FY2011, which is attributable to increased sales to customers in Europe and Asia.

The analytical segment witnessed the fastest growth for the second year running. Sales to this segment in FY2012 grew 22.2% to S\$71.2 million, from S\$58.3 million in FY2011, driven by inclusion of sales from Frencken America coupled with improved sales in Europe and Asia.

Revenue from the industrial automation segment increased 7.8% to S\$42.3 million in FY2012, from S\$39.2 million in FY2011, lifted by robust sales in Asia during the first nine months of FY2012. Sales of this segment are typically lumpy in nature.

Revenue from customers in others business segments increased 3.9% to S\$34.4 million from S\$33.1 million in FY2011, attributable to the revenue contribution from Frencken America.

For FY2012, the Mechatronics Division reported a balanced spread of revenue from its various segments. The analytical segment provided the largest contribution of 26.3% to the division's revenue while the medical, semiconductor and industrial automation segments accounted for 24.0%, 21.3% and 15.6% respectively. The others segment contributed the remaining 12.8% of the division's revenue.

EMS Division

Revenue breakdown by Business Segment

	4Q12	4Q11	y-o-y	3Q12	FY2012	FY2011	y-o-y
	S\$ m	S\$ m	%	S\$ m	S\$ m	S\$ m	%
Automotive	9.0	6.7	35.3	9.5	36.7	24.4	50.7
Office Automation	5.7	6.7	(14.8)	5.5	23.6	28.2	(16.5)
Others	0.4	1.5	(73.8)	0.5	3.3	6.7	(49.9)
Tooling	2.4	3.3	(30.0)	1.4	7.2	9.8	(27.1)
	17.5	18.2	(4.3)	16.9	70.8	69.1	2.4
Juken's Revenue	19.7	0.0	N.M.	0.0	19.7	0.0	N.M.
Total	37.2	18.2	103.3	16.9	90.5	69.1	30.8

The automotive segment recorded revenue growth of 50.7% to S\$36.7 million in FY2012, compared to S\$24.4 million in FY2011, which is attributable to industrialisation projects that commenced commercial production during the first half of 2012. As a result, the automotive segment was the largest contributor to the EMS Division's revenue (excluding Juken's revenue) in FY2012 with a share of 51.8%, compared to 35.2% in FY2011.

The office automation segment recorded revenue of S\$23.6 million in FY2012, a decline of 16.5% from S\$28.2 million in FY2011, due mainly to softer market conditions. This segment accounted for 33.3% of the EMS Division's revenue (excluding Juken's revenue).

Sales to customers in the others segment decreased 49.9% to S\$3.3 million in FY2012 from S\$6.7 million in FY2011.

Revenue derived from the tooling segment was S\$7.2 million in FY2012, a decrease of 27.1% from S\$9.8 million in FY2011 due to lesser number of industrialisation projects during the year.

New revenue contribution from Juken in the last three months of FY2012 came to S\$19.7 million. From FY2013, Juken's products will be classified in the EMS Division under the automotive, office automation, tooling and others segments.

Gross Profit Margin

The Group's gross profit (GP) decreased 6.4% to S\$31.6 million in FY2012 from S\$33.8 million in FY2011. Group GP margin softened to 8.8% in FY2012 from 10.1% in FY2011. This was due mainly to higher production overhead costs, a variation in sales mix and pricing pressure at the Mechatronics Division, lower-than-envisaged production efficiencies of the automotive segment and the adverse impact of the Euro's depreciation against the Malaysian Ringgit.

For 4Q12, Group GP margin improved to 10.1% from 8.8% in 4Q11 due mainly to the inclusion of GP contribution by Juken in the three-months' period.

Other Income

Other income was unchanged at S\$4.1 million in FY2012 as a decrease in government grant was compensated by the inclusion of other income from Juken.

Operating Expenses

Selling and distribution expenses in FY2012 increased 23.9% to S\$9.3 million, from S\$7.5 million in FY2011. This was due mainly to higher freight and forwarding charges from higher automotive sales, increased salaries and the inclusion of S\$0.5 million in selling and distribution costs from Juken in 4Q12.

Administrative and general expenses increased 29.2% to S\$23.3 million from S\$17.3 million in FY2011. This was due mainly due to the inclusion of administrative and general expenses of S\$4.5 million for Juken and S\$1.0 million for Frencken America.

Finance Costs

Finance costs increased by S\$0.7 million to S\$1.1 million from S\$0.4 million in FY2011 due mainly to higher borrowings for working capital, interest costs to finance the acquisition of Juken and the inclusion of interest charges on Juken's borrowing in 4Q12.

Exceptional Items

The Group incurred expenses for exceptional items amounting to S\$6.3 million in FY2012, compared to S\$3.8million in FY2011. The exceptional items in FY2012 comprised of:

- (i) Impairment loss of S\$0.4 million for a financial asset, available-for-sale in respect of the Group's investment in MTIC Holdings Pte. Ltd.
- (ii) Impairment loss of S\$3.3 million on goodwill of a subsidiary in the EMS Division
- (iii) Impairment loss of S\$1.7 million in respect of development costs for certain projects undertaken by a subsidiary within the EMS division
- (iv) Acquisition costs of S\$2.0 million in relation to the acquisition of Juken
- (v) Negative goodwill of S\$1.1 million from the acquisition of Juken which is recognised as a gain in FY2012 in accordance with FRS 103 - Business Combinations

Apart from item (iv), these exceptional items have no impact on the Group's cash flow.

Group Profit/Loss

As a result of the above factors, the Group recorded a loss before income tax of S\$5.8 million in FY2012, compared to a profit before income tax of S\$8.4 million in FY2011.

Excluding exceptional items, the Group would have reported a profit before income tax of S\$0.5 million in FY2012 (inclusive of a contribution of S\$1.6 million from Juken), compared to S\$12.2 million in FY2011.

Taxation

The Group incurred a significant increase of S\$4.8 million in income tax expense to S\$5.9 million in FY2012, compared to S\$1.1 million in FY2011. This was principally due to a reversal of deferred tax asset that had been previously recognised by a subsidiary of the EMS Division in FY2011 and the inclusion of income tax for profit of Juken in 4Q12. In addition, there was a recognition of deferred tax asset in FY2011 by the subsidiary of the EMS Division with no corresponding recognition in FY2012.

Group Net Profit/Loss

	1Q	2Q	3Q	4Q	Full Year
FY2012 (S\$ m)	0.3	0.2	(1.5)	(10.8)	(11.8)
FY2011 (S\$ m)	3.0	4.2	1.0	(0.9)	7.3
y-o-y (%)	(90.6)	(95.0)	N.M.	1138.6	N.M.

After accounting for taxation, the Group reported a net loss of S\$11.8 million, compared to a net profit of S\$7.3 million in FY2011, as a result of lower net profit of the Mechatronics Division and a higher net loss recorded at the EMS Division coupled with losses of S\$6.3 million from exceptional items.

Dividend Payment

In spite of the Group's losses in FY2012, the Board of Directors has recommended a first and final dividend payment of 0.50 cents per share (one-tier tax exempt) in respect of FY2012 for approval at the forthcoming Annual General Meeting on 25 April 2013. This compares to the dividend of 0.61 cents per share (one-tier tax exempt) paid in respect of FY2011.

Balance Sheet

As at 31 December 2012, the Group's balance sheet showed shareholders' equity of S\$186.8 million. This is equivalent to a net asset value of 47.2 cents per share based on the total number of issued shares (excluding treasury shares) of 396.3 million shares at the end of 2012.

The Group's total assets increased to S\$355.8 million as at 31 December 2012, compared to S\$282.5 million as at 31 December 2011.

Property, plant and equipment increased to S\$111.5 million, compared to \$74.7 million at the end of December 2011. This was due to the acquisition of Juken and Frencken America, purchases of additional production equipment and partially offset by higher depreciation charges during the year.

Intangible assets stood at S\$17.8 million as at 31 December 2012, an increase of 45.8% compared to S\$12.2 million at the end of FY2011, attributable principally to the inclusion of Juken's intangible assets. A tabulation of the increase of intangible assets is set out below.

Intangible Assets	31-Dec-12	31-Dec-11	Variance	
	S\$ m	S\$ m	S\$ m	%
Goodwill	9.4	10.4	(0.9)	(8.9)
Deferred development costs	4.5	1.9	2.6	137.8
Patent	0.3	0.0	0.3	N.M.
Club membership	0.4	0.0	0.4	N.M.
Intellectual properties	3.2	0.0	3.2	N.M.
Total	17.8	12.2	5.6	45.8

Goodwill decreased by S\$0.9 million to S\$9.4 million as the impairment loss on goodwill of a subsidiary in the EMS Division was partially compensated by goodwill that arose from the acquisition of Frencken America. Deferred development costs increased by S\$2.6 million to S\$4.5 million due to the addition of development costs for products and projects developed by Juken and a subsidiary of the Mechatronics Division, and partially offset by the impairment loss of development costs for certain projects of a subsidiary in the EMS division. The intellectual properties of S\$3.2 million pertain to the design and engineering of current miniature stepper motors arising from the acquisition of Juken.

Inventories increased by S\$11.2 million to S\$82.0 million as at 31 December 2012, compared to S\$70.8 million at the end of December 2011. This was due mainly to the inclusion of inventories of both Juken and Frencken America.

Trade receivables increased by S\$5.4 million to S\$75.4 million at the end of FY2012, from S\$70.0 million as at 31 December 2011. The inclusion of trade receivables from Juken was offset by lower trade receivables of other subsidiaries of the Group.

Trade payables increased by S\$8.0 million to S\$40.3 million, compared to S\$32.3 million at the end of FY2011, attributable mainly to the inclusion of Juken's trade payables.

As at 31 December 2012, net bank borrowings stood at S\$38.3 million, compared to a net cash of S\$15.0 million at the end of FY2011. The additional net borrowings were principally used to finance the acquisition of Juken and capital expenditure of the Group.

Cash Flow Analysis

The Group generated net cash of S\$15.1 million from operating activities in FY2012, compared to S\$6.5 million in FY2011, due mainly to lower working capital requirement.

Net cash used for investing activities amounted to S\$52.8 million during FY2012 attributable mainly to the acquisition of Juken and Frencken America as well as capital expenditure.

The Group generated net cash of S\$11.1 million from financing activities in FY2012, due mainly to net proceeds from borrowings.

As a result of the above, the Group ended FY2012 with a net decrease in cash and cash equivalents of S\$26.6 million. When added to its opening cash and cash equivalents of S\$32.7 million at the end of FY2011 and after accounting for the negative effects of foreign currency movements of S\$0.6 million on its opening cash and cash equivalents, the Group had an ending cash balance of S\$5.5 million as at 31 December 2012.

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

The Group's financial results in FY2012 are in line with the guidance provided in its third quarter financial statements posted on the SGX website on 8 November 2012 and its Announcement No.00112 posted on the SGX website on 21 February 2013.

10. A commentary at the date of the announcement of the significant trends and 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 Group witnessed a difficult operating environment in FY2012 as continued global economic uncertainties resulted in softer demand conditions and increased competitive pressures.

While the Group reported single-digit revenue growth in FY2012, it recorded a loss of S\$11.8 million. This was due mainly to exceptional charges amounting to S\$6.3 million and significantly higher income tax expense of S\$5.9 million although the Group's performance was also adversely affected by a reduction in GP margin and increased operating expenses.

Barring any unforeseen circumstances, for 1Q13 the Group expects to return to profitability although business conditions remain challenging.

Mechatronics Division

While the macroeconomic climate continues to be uncertain, the Mechatronics Division is still receiving a steady flow of new project enquiries from existing and new customers. In addition, the division has ongoing projects in the medical, semiconductor and analytical segments that are under industrialisation which can typically be a lengthy process of between 1 to 3 years.

Sales of the medical and analytical segments are expected to continue to benefit from stable demand in FY2013, based on current indicative orders from customers.

Sales of the industrial automation segment, which is typically lumpy in nature, is envisaged to be volatile on a quarterly basis. Likewise, the semiconductor segment is expected to continue to experience soft sales in the short term. The division's revenue may also be affected by adverse movements of the Euro and US Dollar against the Singapore dollar.

Barring unforeseen circumstances, the Group is cautiously optimistic of the outlook for the Mechatronics Division.

EMS Division

In line with its long term strategy, the EMS Division will continue to focus on the automotive segment. In FY2012, sales of the automotive segment accounted for a larger 51.8% (excluding Juken's revenue) of the division's revenue, compared to 35.2% in FY2011.

Based on indicative orders and forecast from customers, demand in the automotive segment is expected to remain high for existing and recently launched products. Coupled with the inclusion of revenue from Juken's automotive business, this segment's contribution to the EMS Division is expected to further increase in FY2013.

One of the division's subsidiaries continues to face challenges in the near term. These include soft market conditions for the office automation segment and unfavourable movements of the Euro against the Malaysian Ringgit. However, the acquisition of Juken is expected to contribute positively to the EMS Division's performance.

11. Dividend

(a) Current Financial Period Reported on

Any dividend declared (recommended) for the current financial period reported on?

Yes

The Directors are pleased to recommend a first and final exempt (one-tier) dividend in respect of the financial year ended 31 December 2012 of 0.50 cents per ordinary share for approval by shareholders at the forthcoming Annual General Meeting to be convened on 25 April 2013.

Name of Dividend	Ordinary Tax Exempt
Dividend Type	Cash
Dividend amount per share (in cents)	0.50 cents per ordinary share
Par value of shares	Not applicable
Tax Rate	Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

The Directors recommended a first and final exempt (one-tier) dividend in respect of the financial year ended 31 December 2011 of 0.61 cents per ordinary share which was approved by shareholders at the Annual General Meeting convened on 26 April 2012.

Name of Dividend	Ordinary Tax Exempt
Dividend Type	Cash
Dividend amount per share (in cents)	0.61 cents per ordinary share
Par value of shares	Not applicable
Tax Rate	Not applicable

(c) Date Payable

The proposed dividend, if approved at the Annual General Meeting, will be paid on 16 May 2013.

(d) Books closure date

Notice is also hereby given that the Share Transfer Books and the Register of Members of the Company will be closed on Monday, 6 May 2013 for the purpose of determining the entitlement of Shareholders to the Final Dividend.

Duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), 80 Robinson Road, #02-00, Singapore 068898, up to the close of business at 5.00 p.m. on Friday, 3 May 2013 will be registered to determine Shareholder's entitlements to the Final Dividend.

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

Not applicable.

PART 11- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

13 (a) Segmented revenue and results by business segments

FY2012

	Electronics				Total \$'000
	Mechatronics \$'000	Manufacturing Services \$'000	Investment Holding \$'000	Eliminations \$'000	
Turnover					
External revenue	270,484	90,454	19	-	360,957
Inter-segment sales	-	-	642	(642)	-
	<u>270,484</u>	<u>90,454</u>	<u>661</u>	<u>(642)</u>	<u>360,957</u>
Segment results	<u>11,879</u>	<u>(10,180)</u>	<u>(268)</u>	<u>-</u>	<u>1,431</u>
Interest income	84	13	90	-	187
Finance costs	(594)	(299)	(240)	-	(1,133)
Profit before exceptional items and income tax					485
Exceptional items:					
Acquisition expenses	-	-	(2,030)	-	(2,030)
Impairment loss of financial asset, available-for-sale	-	-	(390)	-	(390)
Impairment loss of goodwill in subsidiary	-	(3,309)	-	-	(3,309)
Impairment loss of deferred development costs	-	(1,729)	-	-	(1,729)
Negative goodwill arising from acquisition	-	1,148	-	-	1,148
Profit before income tax					(5,825)
Income tax expense	(2,158)	(3,717)	(24)	-	(5,899)
Total loss					<u>(11,724)</u>
Segment assets	<u>166,225</u>	<u>150,249</u>	<u>39,305</u>	<u>-</u>	<u>355,779</u>
Segment liabilities	<u>76,630</u>	<u>53,510</u>	<u>37,633</u>	<u>-</u>	<u>167,773</u>
Other segment information:					
Capital expenditure	7,990	8,873	1	-	16,864
Depreciation and amortisation	8,639	6,230	2	-	14,871
Other non-cash expenses other than depreciation and amortisation	450	95	38	-	583

FY2011

	Electronics				Total \$'000
	Mechatronics \$'000	Manufacturing Services \$'000	Investment Holding \$'000	Eliminations \$'000	
Turnover					
External revenue	266,397	69,130	20	-	335,547
Inter-segment sales	-	-	659	(659)	-
	<u>266,397</u>	<u>69,130</u>	<u>679</u>	<u>(659)</u>	<u>335,547</u>
Segment results	<u>19,533</u>	<u>(7,280)</u>	<u>(162)</u>	<u>-</u>	<u>12,091</u>
Interest income	283	9	197	-	489
Finance costs	(334)	(92)	-	-	(426)
Profit before exceptional items and income tax					12,154
Exceptional items:					
Provision for settlement of product liability claim	(3,088)	-	-	-	(3,088)
Impairment loss of financial asset, available-for-sale	-	-	(700)	-	(700)
Professional fees for proposed acquisition	-	-	(570)	-	(570)
Surplus on winding up of a subsidiary	-	-	607	-	607
Profit before income tax					8,403
Income tax expense	(3,916)	2,873	(19)	-	(1,062)
Total profit					<u>7,341</u>
Segment assets	<u>183,164</u>	<u>75,597</u>	<u>23,728</u>	<u>-</u>	<u>282,489</u>
Segment liabilities	<u>60,577</u>	<u>24,614</u>	<u>936</u>	<u>-</u>	<u>86,127</u>
Other segment information:					
Capital expenditure	11,796	9,416	4	-	21,216
Depreciation and amortisation	8,766	3,168	1	-	11,935
Other non-cash expenses other than depreciation and amortisation	588	153	64	-	805

13 (b) Segmented revenue and results for geographical segments**FY2012**

	Asia \$'000	Europe \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Turnover					
External revenue	121,968	227,846	18,703	(7,560)	360,957
Total assets	252,883	99,153	3,743	-	355,779
Capital expenditure	10,962	5,709	193	-	16,864

FY2011

	Asia \$'000	Europe \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Turnover					
External revenue	111,543	219,813	12,932	(8,741)	335,547
Total assets	178,876	103,613	-	-	282,489
Capital expenditure	15,989	5,227	-	-	21,216

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8.

15. A breakdown of sales.

	31/12/12 \$'000	31/12/11 \$'000	% increase/ (decrease)
Sales reported for first half year	182,393	171,414	6.4%
Operating profit after tax before deducting minority interests reported for first half year	514	7,273	-92.9%
Sales reported for second half year	178,564	164,133	8.8%
Operating profit/(loss) after tax before deducting minority interests reported for second half year	(12,238)	68	N.M.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

	Latest Full Year 2012 \$'000	Previous Full 2011 \$'000
Ordinary Dividend	1,981	2,246
Preference Dividend	-	-
Total	1,981	2,246

17. Interested Person Transactions

Name of Interested Person	Aggregate value of all IPTs during the financial period under review (excluding transactions less than \$100,000)	
	31/12/12	31/12/11
Not applicable	-	-

18. 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.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Yap Yock Ran	49	Spouse of Mr Tan Lai Heng	Senior Director, Human Resource and Administration of ETLA Limited	-

BY ORDER OF THE BOARD

Gooi Soon Hock
 Executive Director
 28-Feb-13