



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

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			
	31/12/14 \$'000	31/12/13 \$'000	% Change	31/12/14 \$'000	31/12/13 \$'000	% Change	
Revenue	115,220	109,427	5.3%	472,737	444,737	6.3%	
Cost of sales	(103,650)	(94,039)	10.2%	(406,768)	(377,801)	7.7%	
Gross profit	11,570	15,388	-24.8%	65,969	66,936	-1.4%	
Other income (Note 2)	3,019	1,212	149.1%	5,538	6,796	-18.5%	
Selling and distribution expenses	(2,704)	(3,098)	-12.7%	(12,630)	(11,400)	10.8%	
Administrative and general expenses	(9,651)	(8,999)	7.2%	(39,874)	(36,786)	8.4%	
Other operating expenses (Note 2)	(283)	(143)	97.9%	(1,197)	(680)	76.0%	
Interest income	111	47	136.2%	293	257	14.0%	
Finance costs	(369)	(369)	0.0%	(1,589)	(2,258)	-29.6%	
Profit before income tax and exceptional items	1,693	4,038	-58.1%	16,510	22,865	-27.8%	
Exceptional items (Note 1)	(714)	(403)	77.2%	(714)	(403)	77.2%	
Profit before income tax	979	3,635	-73.1%	15,796	22,462	-29.7%	
Income tax expense	(473)	174	N.M.	(4,715)	(4,330)	8.9%	
Total profit	506	3,809	-86.7%	11,081	18,132	-38.9%	
Profit attributable to:							
Equity holders of the Company	760	3,821	-80.1%	11,358	17,744	-36.0%	
Non-controlling interests	(254)	(12)	2016.7%	(277)	388	N.M.	
	506	3,809	-86.7%	11,081	18,132	-38.9%	
Note 1 - Exceptional items comprise:-	Note						
Impairment loss of financial asset, available-for-sale	(i)	(535)	(403)	32.8%	(535)	(403)	32.8%
Impairment loss of goodwill in subsidiary	(ii)	(179)	-	N.M.	(179)	-	N.M.
		(714)	(403)	77.2%	(714)	(403)	77.2%
Note 2 - Other income/(Other operating expenses)							
Other Income	3,019	1,212	149.1%	5,538	6,796	-18.5%	
Other Operating Expenses	(283)	(143)	97.9%	(1,197)	(680)	76.0%	
	2,736	1,069	155.9%	4,341	6,116	-29.0%	
Included in Other income/(Other operating expenses):							
Gain/(Loss) on disposal of property, plant and equipment, net	131	78	67.9%	190	297	-36.0%	
Government grants	410	318	28.8%	1,589	1,209	31.4%	
Foreign exchange (loss)/gain, net	1,459	149	879.2%	(32)	2,246	N.M.	
Amortisation of deferred gain	266	265	0.4%	1,064	1,063	0.1%	
Scrap sales	176	139	26.2%	842	763	10.5%	
Other income	379	269	40.7%	820	869	-5.7%	
Other expenses	(85)	(150)	-43.5%	(132)	(330)	-60.1%	
	2,736	1,069	155.9%	4,341	6,116	-29.0%	

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		
	31/12/14	31/12/13	%	31/12/14	31/12/13	%
	\$'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	(3,130)	(1,259)	149%	(5,831)	(7,053)	-17%
Amortisation of deferred gain	(266)	(265)	0%	(1,064)	(1,063)	0%
Interest on borrowings	369	369	0%	1,589	2,258	-30%
Depreciation of property, plant and equipment	4,942	4,890	1%	19,513	19,970	-2%
Amortisation of intangible assets	969	458	112%	2,384	1,789	33%
(Write-back)/Allowance for doubtful debts and bad debts written off	90	203	-56%	41	297	-86%
(Write back)/Allowance for inventory obsolescence	695	208	234%	890	338	163%
Impairment in value of investments	-	-	-	-	-	-
Foreign exchange (gain)/ loss, net	(1,459)	(149)	879%	32	(2,246)	N.M.
Adjustments for (over)/ under provision of tax in respect of prior years	(55)	300	N.M.	(3)	295	N.M.
(Gain)/Loss on disposal of property, plant and equipment, net	(131)	(78)	68%	(190)	(297)	-36%
Property, plant and equipment written off	12	3	300%	58	153	-62%
Impairment loss of property, plant and equipment	-	121	N.M.	-	121	N.M.
Exceptional items:-						
Impairment loss of financial asset, available-for-sale	535	403	33%	535	403	33%
Impairment loss of goodwill in subsidiary	179	-	N.M.	179	-	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	
	31/12/14 \$'000	31/12/13 \$'000	31/12/14 \$'000	31/12/13 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	106,410	108,796	-	-
Subsidiaries	-	-	135,001	124,652
Financial asset, available-for-sale	4,372	4,907	4,372	4,907
Intangible assets	24,880	19,720	-	-
Deferred income tax assets	1,147	1,165	-	-
Other receivables, deposits and prepayments	3,156	3,431	-	-
	<u>139,965</u>	<u>138,019</u>	<u>139,373</u>	<u>129,559</u>
CURRENT ASSETS				
Inventories	95,669	85,948	-	-
Trade receivables	87,207	83,012	-	-
Receivables from subsidiaries	-	-	1,328	11,116
Dividends receivable from subsidiaries	-	-	4,295	2,947
Other receivables, deposits and prepayments	8,789	7,183	12	11
Tax recoverable	1,862	1,299	-	-
Cash and cash equivalents	18,770	19,634	2,092	3,499
	<u>212,297</u>	<u>197,076</u>	<u>7,727</u>	<u>17,573</u>
Total assets	352,262	335,095	147,100	147,132
CURRENT LIABILITIES				
Trade payables	49,111	40,542	-	-
Other payables, accruals and provisions	31,345	27,417	360	330
Deferred gain	1,063	1,063	-	-
Borrowings	53,022	47,556	400	-
Income tax payable	1,234	1,606	2	6
	<u>135,775</u>	<u>118,184</u>	<u>762</u>	<u>336</u>
NON CURRENT LIABILITIES				
Other payables	-	43	-	-
Deferred gain	1,860	2,924	-	-
Borrowings	2,337	3,657	-	-
Deferred income tax liabilities	3,835	3,222	-	-
	8,032	9,846	-	-
Total liabilities	<u>143,807</u>	<u>128,030</u>	<u>762</u>	<u>336</u>
NET ASSETS	<u>208,455</u>	<u>207,065</u>	<u>146,338</u>	<u>146,796</u>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	99,627	99,538	99,627	99,538
Treasury shares	-	(1,411)	-	(1,411)
Foreign currency translation reserve	(17,226)	(11,658)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	(27)	(150)	(27)	(150)
Statutory reserve fund	1,042	654	-	-
Share option reserve	1,621	1,773	1,621	1,773
Retained profits	119,534	114,191	45,117	47,046
	<u>206,916</u>	<u>205,282</u>	<u>146,338</u>	<u>146,796</u>
Non-controlling interests	1,539	1,783	-	-
TOTAL EQUITY	<u>208,455</u>	<u>207,065</u>	<u>146,338</u>	<u>146,796</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 31/12/14	
Secured \$'000	Unsecured \$'000
29,831	23,191

As at 31/12/13	
Secured \$'000	Unsecured \$'000
26,270	21,286

Amount repayable after one year

As at 31/12/14	
Secured \$'000	Unsecured \$'000
1,923	414

As at 31/12/13	
Secured \$'000	Unsecured \$'000
3,044	613

Details of any collateral

Details of the borrowings of the Group and the Company and its securities as at 31 December 2014 are as follows:

	Note	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	22,665	869	23,534
Other short-term borrowings	(ii)	6,185	21,455	27,640
Finance lease	(iii)	754	-	754
Term Loans	(iv)	2,150	1,281	3,431
		<u>31,754</u>	<u>23,605</u>	<u>55,359</u>

(i) bank overdrafts of :-

- (a) \$21,854,000 is secured by mortgage over a properties, pledged on the trade receivables and inventories of all subsidiaries of the Company in The Netherlands;
- (b) \$341,000 is secured over first charge on the entire present and future fixed assets of a subsidiary in India; and
- (c) \$470,000 is secured by properties of a subsidiary in Malaysia.

(ii) other short-term borrowings is secured by properties of a subsidiary in Malaysia and pledged on the trade receivables of certain subsidiaries in China.

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

(iv) term loans of :-

- (a) \$688,000 is secured by properties of a subsidiary in Malaysia;
- (b) \$746,000 is secured by first charge on the entire present and future fixed assets of a subsidiary in India; and
- (c) \$716,000 is secured by machineries of certain 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 31/12/14	31/12/13	12 months ended 31/12/14	31/12/13
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Total profit	506	3,809	11,081	18,132
Adjustments for:				
Income tax expense	473	(174)	4,715	4,330
Exchange differences	(61)	(149)	(563)	(1,110)
Employee share option expense	94	94	375	94
Depreciation of property, plant and equipment	4,942	4,890	19,513	19,970
Loss/(Gain) on disposal of property, plant and equipment, net	(131)	(78)	(190)	(297)
Property, plant and equipment written off	12	3	58	153
Interest income	(111)	(47)	(293)	(257)
Interest expense	369	369	1,589	2,258
Amortisation of deferred gain	(266)	(265)	(1,064)	(1,063)
Amortisation of intangible assets	969	458	2,384	1,789
Impairment loss of financial asset, available-for-sale	535	403	535	403
Impairment loss of property, plant and equipment	-	121	-	121
Impairment loss of goodwill in subsidiary	179	-	179	-
Operating cash flow before working capital changes	7,510	9,434	38,319	44,523
Changes in operating assets and liabilities :				
Inventories	3,942	4,800	(12,033)	(615)
Receivables	5,726	13,233	(6,193)	(4,417)
Payables	246	(16,350)	9,369	(4,749)
Cash flows generated from operations	17,424	11,117	29,462	34,742
Tax (paid)/refunded	(1,606)	226	(4,939)	(4,532)
Interest paid	(378)	(336)	(1,598)	(2,221)
NET CASH GENERATED FROM OPERATING ACTIVITIES	15,440	11,007	22,925	27,989
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	111	47	293	257
Additions of intangible assets	(264)	(1,077)	(4,506)	(2,816)
Purchase of property, plant and equipment (Note 1)	(5,854)	(4,401)	(16,320)	(15,040)
Proceeds from disposal of property, plant and equipment	22	233	506	1,241
Acquisition of a subsidiary, net of cash acquired (Note 2)	521	(195)	(4,249)	(416)
NET CASH USED IN INVESTING ACTIVITIES	(5,464)	(5,393)	(24,276)	(16,774)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from re-issuance of treasury shares	-	21	1,034	327
Proceeds from issuance of share capital	89	-	89	-
Repayment of finance lease liabilities	(107)	(550)	(3,020)	(2,185)
Repayment of short term bank borrowings	(17,881)	(28,215)	(79,655)	(93,401)
Repayment of term loans	(237)	(34,615)	(1,330)	(41,637)
Proceeds from short term bank borrowings	20,156	30,579	82,674	102,196
Proceeds from term loans	-	-	1,654	3,240
Dividend paid to shareholders	-	-	(5,654)	(1,981)
Withdrawal/(Placement) of deposits pledged as securities	(51)	2	(53)	18,139
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	1,969	(32,778)	(4,261)	(15,302)
Net (decrease)/increase in cash and cash equivalents	11,945	(27,164)	(5,612)	(4,087)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	(17,221)	27,004	(761)	5,498
Effect of exchange rate changes on cash and cash equivalents	347	(601)	1,444	(2,172)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	(4,929)	(761)	(4,929)	(761)

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 31/12/14	31/12/13	12 months ended 31/12/14	31/12/13
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents at end of the financial year comprise:				
Short term fund placed with a Malaysian financial institution	4,181	406	4,181	406
Deposits with licensed banks	165	6,382	165	6,382
Cash and bank balances	14,424	12,846	14,424	12,846
Bank overdrafts	(23,534)	(20,283)	(23,534)	(20,283)
	(4,764)	(649)	(4,764)	(649)
Less: Deposits pledged as securities	(165)	(112)	(165)	(112)
	(4,929)	(761)	(4,929)	(761)

Note 1 :

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$17,732,000 (31.12.2013: \$16,421,000) of which \$29,000 (31.12.2013: \$892,000) was acquired by means of finance lease arrangement and \$1,383,000 (31.12.2013: \$489,000) was included in other payables at balance sheet date. Cash payments of \$16,320,000 (31.12.2013: \$15,040,000) were made to purchase these property, plant and equipment.

Note 2 :

On 28 January 2014, the Group acquired 100% equity interest in NTZ International Holding B.V. ("NTZ"), a company incorporated in The Netherlands for a cash consideration of \$4,356,000.

The fair values of the identifiable assets acquired and liabilities assumed of NTZ as at the date of acquisition is as follows:

	\$'000
Property, plant and equipment	2,229
Intangible assets	1,984
Inventories	1,009
Trade and other receivables	1,472
Cash and cash equivalents	107
Trade and other payables	(4,072)
Bank borrowings	(686)
Identifiable net assets acquired	<u>2,043</u>
Add: Goodwill	<u>2,313</u>
Consideration transferred for the business	<u><u>4,356</u></u>
Purchase consideration	
Cash paid	4,356
Contingent consideration	-
Total purchase consideration	<u><u>4,356</u></u>
The effect of the acquisition on cash flow is as follows:	
Cash paid (as above)	4,356
Less : Cash and cash equivalents in subsidiary acquired	(107)
Net cash outflow on acquisition	<u><u>4,249</u></u>

1(d) Consolidated statement of comprehensive income

	3 months ended		12 months ended	
	31/12/14	31/12/13	31/12/14	31/12/13
	\$'000	\$'000	\$'000	\$'000
<u>Statement of Comprehensive Income</u>				
Profit for the period/year	506	3,809	11,081	18,132
<i>Item that may be reclassified subsequently to income statement :</i>				
- Currency translation differences arising from consolidation	(3,900)	854	(5,535)	2,247
Total comprehensive income/(loss) for the period/year	<u>(3,394)</u>	<u>4,663</u>	<u>5,546</u>	<u>20,379</u>
Attributable to:				
Equity holders of the Company	(3,193)	4,660	5,790	20,000
Non-controlling interests	(201)	3	(244)	379
Total comprehensive income/(loss) for the period/ year	<u>(3,394)</u>	<u>4,663</u>	<u>5,546</u>	<u>20,379</u>

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 2014 and 31 December 2013

	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 2014	99,538	-	(13,273)	2,345	(60)	1,053	1,560	118,763	209,926	1,740	211,666
Profit for the quarter	-	-	-	-	-	-	-	760	760	(254)	506
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	-	(3,953)	-	-	-	-	-	(3,953)	53	(3,900)
Total comprehensive income/(loss) for the quarter	-	-	(3,953)	-	-	-	-	760	(3,193)	(201)	(3,394)
Transfer to statutory reserve fund	-	-	-	-	-	(11)	-	11	-	-	-
Employee share option scheme											
- Value of employee services	-	-	-	-	-	-	94	-	94	-	94
- Treasury shares re-issued	-	-	-	-	-	-	-	-	-	-	-
- Issue of share capital	89	-	-	-	-	-	-	-	89	-	89
- Transfer arising from exercised share options	-	-	-	-	33	-	(33)	-	-	-	-
At 31 December 2014	<u>99,627</u>	<u>-</u>	<u>(17,226)</u>	<u>2,345</u>	<u>(27)</u>	<u>1,042</u>	<u>1,621</u>	<u>119,534</u>	<u>206,916</u>	<u>1,539</u>	<u>208,455</u>
At 1 October 2013	99,538	(1,441)	(12,497)	2,345	(149)	598	1,687	110,426	200,507	1,780	202,287
Profit for the quarter	-	-	-	-	-	-	-	3,821	3,821	(12)	3,809
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	-	839	-	-	-	-	-	839	15	854
Total comprehensive income for the quarter	-	-	839	-	-	-	-	3,821	4,660	3	4,663
Transfer to/(from) statutory reserve fund	-	-	-	-	-	56	-	(56)	-	-	-
Employee share option scheme											
- Value of employee services	-	-	-	-	-	-	94	-	94	-	94
- Treasury shares re-issued	-	30	-	-	(1)	-	(8)	-	21	-	21
At 31 December 2013	<u>99,538</u>	<u>(1,411)</u>	<u>(11,658)</u>	<u>2,345</u>	<u>(150)</u>	<u>654</u>	<u>1,773</u>	<u>114,191</u>	<u>205,282</u>	<u>1,783</u>	<u>207,065</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 2014	99,538	-	-	-	(60)	-	1,560	41,376	142,414		
Total comprehensive income for the quarter	-	-	-	-	-	-	-	3,741	3,741		
Employee share option scheme											
- Value of employee services	-	-	-	-	-	-	94	-	94		
- Treasury shares re-issued	-	-	-	-	-	-	-	-	-		
- Issue of share capital	89	-	-	-	-	-	-	-	89		
- Transfer arising from exercised share options	-	-	-	-	33	-	(33)	-	-		
At 31 December 2014	<u>99,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27)</u>	<u>-</u>	<u>1,621</u>	<u>45,117</u>	<u>146,338</u>		
At 1 October 2013	99,538	(1,441)	-	-	(149)	-	1,687	35,271	134,906		
Total comprehensive expense for the quarter	-	-	-	-	-	-	-	11,775	11,775		
Employee share option scheme											
- Value of employee services	-	-	-	-	-	-	94	-	94		
- Treasury shares re-issued	-	30	-	-	(1)	-	(8)	-	21		
At 31 December 2013	<u>99,538</u>	<u>(1,411)</u>	<u>-</u>	<u>-</u>	<u>(150)</u>	<u>-</u>	<u>1,773</u>	<u>47,046</u>	<u>146,796</u>		

(b) Statement of changes in equity for the twelve months ended 31 December 2014 and 31 December 2013

	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 2014	99,538	(1,411)	(11,658)	2,345	(150)	654	1,773	114,191	205,282	1,783	207,065
Profit for the year	-	-	-	-	-	-	-	11,358	11,358	(277)	11,081
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	-	(5,568)	-	-	-	-	(5,568)	(5,568)	33	(5,535)
Total comprehensive income for the financial year	-	-	(5,568)	-	-	-	-	11,358	5,790	(244)	5,546
Transfer to statutory reserve fund	-	-	-	-	-	388	-	(388)	-	-	-
Employee share option scheme											
- Value of employee services	-	-	-	-	-	-	375	-	375	-	375
- Treasury shares re-issued	-	1,411	-	-	90	-	(467)	-	1,034	-	1,034
- Issue of share capital	89	-	-	-	-	-	-	-	89	-	89
- Transfer arising from exercised share options	-	-	-	-	33	-	(33)	-	(0)	-	(0)
Transfer arising from forfeited share options	-	-	-	-	-	-	(27)	27	-	-	-
Dividend Paid	-	-	-	-	-	-	-	(5,654)	(5,654)	-	(5,654)
At 31 December 2014	<u>99,627</u>	<u>-</u>	<u>(17,226)</u>	<u>2,345</u>	<u>(27)</u>	<u>1,042</u>	<u>1,621</u>	<u>119,534</u>	<u>206,916</u>	<u>1,539</u>	<u>208,455</u>
At 1 January 2013	99,538	(1,903)	(13,914)	2,345	(112)	554	1,835	98,499	186,842	1,164	188,006
Profit for the year	-	-	-	-	-	-	-	17,744	17,744	388	18,132
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	-	2,256	-	-	-	-	-	2,256	(9)	2,247
Total comprehensive income for the financial year	-	-	2,256	-	-	-	-	17,744	20,000	379	20,379
Transfer to/(from) statutory reserve fund	-	-	-	-	-	100	-	(100)	-	-	-
Employee share option scheme											
- Value of employee services	-	-	-	-	-	-	94	-	94	-	94
- Treasury shares re-issued	-	492	-	-	(38)	-	(127)	-	327	-	327
Transfer arising from forfeited share options	-	-	-	-	-	-	(29)	29	-	-	-
Dividend Paid	-	-	-	-	-	-	-	(1,981)	(1,981)	-	(1,981)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	240	240
At 31 December 2013	<u>99,538</u>	<u>(1,411)</u>	<u>(11,658)</u>	<u>2,345</u>	<u>(150)</u>	<u>654</u>	<u>1,773</u>	<u>114,191</u>	<u>205,282</u>	<u>1,783</u>	<u>207,065</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 2014	99,538	(1,411)	-	-	(150)	-	1,773	47,046	146,796		
Total comprehensive expense for the financial year	-	-	-	-	-	-	-	3,725	3,725		
Employee share option scheme											
- Value of employee services	-	-	-	-	-	-	375	-	375		
- Treasury shares re-issued	-	1,411	-	-	90	-	(467)	-	1,034		
- Issue of share capital	89	-	-	-	-	-	-	-	89		
- Transfer arising from exercised share options	-	-	-	-	33	-	(33)	-	(0)		
Reversal arising from forfeited share options	-	-	-	-	-	-	(27)	-	(27)		
Dividend paid	-	-	-	-	-	-	-	(5,654)	(5,654)		
At 31 December 2014	<u>99,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27)</u>	<u>-</u>	<u>1,621</u>	<u>45,117</u>	<u>146,338</u>		
At 1 January 2013	99,538	(1,903)	-	-	(112)	-	1,835	33,897	133,255		
Total comprehensive income for the financial year	-	-	-	-	-	-	-	15,130	15,130		
Employee share option scheme											
- Value of employee services	-	-	-	-	-	-	94	-	94		
- Treasury shares re-issued	-	492	-	-	(38)	-	(127)	-	327		
Reversal arising from forfeited share options	-	-	-	-	-	-	(29)	-	(29)		
Dividend paid	-	-	-	-	-	-	-	(1,981)	(1,981)		
At 31 December 2013	<u>99,538</u>	<u>(1,411)</u>	<u>-</u>	<u>-</u>	<u>(150)</u>	<u>-</u>	<u>1,773</u>	<u>47,046</u>	<u>146,796</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 294,000 and 260,000 new ordinary shares pursuant to the Company's employee share option scheme at the exercise price of \$0.155 and \$0.168 each respectively. There are no treasury shares held as at the end of the current quarter.

	Total number of issued shares as at	
	31/12/14	31/12/13
Number of issued shares	404,472,409	403,918,409
Number of treasury shares	-	(5,651,000)
Total number of issued shares excluding treasury shares	404,472,409	398,267,409

Share options

The movement of share options of the Company during the period from 1 October 2014 to 31 December 2014 is as follows:

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 1.10.2014	Granted during the period	Forfeited during the period	Exercised during the period	As at 31.12.2014		
1.12.2008 (2008 Option)	3,040,000	0	0	(294,000)	2,746,000	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	4,334,000	0	0	(260,000)	4,074,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	5,835,000	0	0	0	5,835,000	\$0.224	1.12.2012 - 30.11.2020
7.10.2013 (2013 Option)	6,000,000	0	0	0	6,000,000	\$0.208	7.10.2015 - 6.10.2023
	19,209,000	0	0	(554,000)	18,655,000		

	Total number of shares as at	
	31/12/14	31/12/13
Total number of shares that may be issued on exercise of share options outstanding	18,655,000	25,130,000

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	
	31/12/14	31/12/13
Total number of issued shares excluding treasury shares	404,472,409	398,267,409

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.

Not applicable.

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

The figures have not been audited or 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 2014.

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		Group	
	3 months ended	3 months ended	12 months ended	12 months ended
	31/12/14	31/12/13	31/12/14	31/12/13
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)	0.19	0.96	2.82	4.47
- Weighted average number of shares (in thousand)	404,129	398,245	402,576	397,044
(ii) On a fully diluted basis (in cents)	0.19	0.95	2.78	4.44
- Adjusted weighted average number of shares (in thousand)	407,321	402,832	408,875	399,794

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

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	
	31/12/14	31/12/13	31/12/14	31/12/13
Net asset value per ordinary share based on issued share capital at the end of financial year (cents)	51.16	51.54	36.18	36.86

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 31.12.2014 of 404,472,409 (31.12.2013 : 398,267,409).

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 equipment and consumer product service provider of complete and integrated one-stop outsourcing solutions to 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 Original Equipment Manufacturers from the medical, semiconductor, analytical and industrial automation industries. This Division has a network of production facilities located in The Netherlands, Singapore, China, Malaysia and USA.
- The IMS Division offers integrated design and manufacturing services for automotive, office automation, consumer and industrial electronics products. The division has multiple operating sites located in Southeast Asia (Malaysia, Thailand, Singapore and Indonesia), China, India, The Netherlands and Switzerland.

Income Statement

Group Revenue

	1Q	2Q	3Q	4Q	Full Year
FY2014 (S\$'000)	110,904	125,713	120,900	115,220	472,737
FY2013 (S\$'000)	107,240	108,469	119,601	109,427	444,737
yoy (%)	3.4	15.9	1.1	5.3	6.3

For the 12 months ended 31 December 2014 (FY2014), Group revenue increased 6.3% to S\$472.7 million due mainly to higher revenue contributed by the Mechatronics Division.

Mechatronics Division

Revenue breakdown by Business Segment

Sales	4Q14	4Q13	yoy	FY2014	FY2013	yoy
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
MECHATRONICS DIVISION						
Semiconductor	14,776	14,395	2.6	69,074	50,799	36.0
Medical	16,962	14,819	14.5	68,193	60,967	11.9
Analytical	25,437	19,873	28.0	94,948	85,164	11.5
Industrial Automation	12,243	10,422	17.5	37,932	45,168	(16.0)
Others	6,324	7,860	(19.5)	29,052	31,759	(8.5)
Mechatronics Total	75,742	67,369	12.4	299,199	273,857	9.3
IMS DIVISION						
Automotive	25,946	25,376	2.2	113,018	98,782	14.4
Office Automation	4,919	7,125	(31.0)	23,249	29,598	(21.5)
Consumer & Industrial Electronics	5,154	5,991	(14.0)	22,525	26,270	(14.3)
Others	536	239	123.4	2,359	1,861	26.8
Tooling	2,918	3,322	(12.2)	12,368	14,350	(13.8)
IMS Total	39,473	42,053	(6.1)	173,519	170,861	1.6

Note : The above does not include revenue derived from investment holding company. This revenue is minimal.

The Group's revenue growth in FY2014 was driven principally by higher sales at the semiconductor, medical, analytical and automotive segments.

The 36.0% sales growth recorded by the semiconductor segment in FY2014 is attributable to the operations in Asia which serve the back-end of the semiconductor equipment industry. The medical and analytical segments also recorded improved performance, driven mainly by higher sales of the operations in Europe.

The automotive segment witnessed a moderation in growth in the second half of FY2014 due to the slower economies in Europe and China. Nonetheless, sales of this segment increased 14.4% in FY2014, attributed primarily to the inclusion of revenue contribution from NTZ International Holding B.V. ("NTZ") which the Group acquired in January 2014.

Higher sales from the aforesaid segments were partially offset by lower revenue contributions from industrial automation, office automation and consumer & industrial electronics segments. Revenue from the industrial automation segment dipped as a result of slower sales of hard-disk drive equipment during the second half of FY2014. The industrial automation segment's sales are typically lumpy in nature. The office automation segment saw lower sales in FY2014 as the Group has decided to progressively wind down the Penang operation of this business segment, while the consumer & industrial electronics segment was affected primarily by lower sales of camera components.

In terms of revenue contribution, the automotive, analytical, semiconductor and medical segments accounted for 73.0% of Group revenue in FY2014, as compared to 66.5% in FY2013.

Gross Profit Margin

The Group's gross profit (GP) eased 1.4% to S\$66.0 million in FY2014 from S\$66.9 million in FY2013. The GP margin was lower at 14.0% as compared to 15.1% in the previous year.

Other Income

Other income decreased by 18.5% to S\$5.5 million in FY2014 from S\$6.8 million in FY2013, due mainly to lower foreign exchange gain.

Operating expenses

Selling and distribution expenses increased 10.8% to S\$12.6 million in FY2014 due mainly to the inclusion of NTZ's expenses and higher transport and freight costs.

Administrative and general expenses increased 8.4% to S\$39.9 million in FY2014, attributable mainly to the inclusion of NTZ's related expenses, increase in staff costs and higher export tax and duties.

Other operating expenses increased to S\$1.2 million in FY2014 from S\$0.7 million in FY2013 due mainly to higher foreign exchange losses.

Finance Costs

Finance costs in FY2014 decreased 29.6% to S\$1.6 million due primarily to lower interest costs after the acquisition loan of Juken Technology Limited was repaid in October 2013.

Exceptional Items

The Group incurred expenses for exceptional items amounting to S\$0.7 million in FY2014, compared to S\$0.4 million in FY2013. The exceptional items in FY2014 comprised impairment loss of S\$0.5 million for a financial asset, available-for-sale in respect of the Group's investment in MTIC Holdings Pte. Ltd. and impairment loss of S\$0.2 million on goodwill of a subsidiary in the Mechatronics Division.

Group Net Profit Attributable to Equity Holders of the Company

	1Q	2Q	3Q	4Q	Full Year
FY2014 (S\$'000)	3,802	4,557	2,239	760	11,358
FY2013 (S\$'000)	3,153	4,089	6,681	3,821	17,744
yoy (%)	20.6	11.4	(66.5)	(80.1)	(36.0)

For FY2014, the Group reported a 36.0% decline in net profit attributable to equity holders to S\$11.4 million due mainly to lower gross profit, recognition of non-cash exceptional charges of S\$0.7 million, and the absence of foreign exchange gain of S\$2.2 million that was recognised for FY2013.

The Mechatronics Division's net profit improved to S\$9.2 million in FY2014 from S\$9.1 million in FY2013 owing to improved profitability of the Asia operations. However, the IMS Division's net profit declined to S\$2.7 million in FY2014 from S\$9.7 million in FY2013, attributed mainly to softer GP margin, higher operating costs, foreign exchange loss (versus a foreign exchange gain previously) and increased transport and freight costs to expedite customer shipments.

Dividend Payment

The Board of Directors has recommended a first and final dividend payment of 1.0 cents per share (one-tier tax exempt) in respect of FY2014 for approval by shareholders at the forthcoming Annual General Meeting on 23 April 2015. This compares to the dividend of 1.4 cents per share (one-tier tax exempt) paid in respect of FY2013.

Balance Sheet

As at 31 December 2014, the Group had shareholders' equity of S\$206.9 million, equivalent to net asset value of 51.16 cents per share based on the total number of issued shares of 404.5 million shares.

Total assets as at 31 December 2014 increased to S\$352.3 million from S\$335.1 million at the end of December 2013, attributed mainly to increases in intangible assets, inventories, and trade receivables.

Intangible assets increased to S\$24.9 million from S\$19.7 million as at 31 December 2013. This was attributable mainly to goodwill arising from the acquisition of NTZ and development costs incurred for on-going projects at the Europe operations. Inventories increased to S\$95.7 million from S\$85.9 million at the end of FY2013 for fulfillment of customers' orders and higher stock of finished goods held for automotive customers.

Trade receivables increased to S\$87.2 million, from S\$83.0 million as at 31 December 2013, due to higher sales in 4Q14 as compared to the last quarter of 2013. Trade payables also increased to S\$49.1 million from S\$40.5 million as at 31 December 2013, attributed to higher purchases of materials required to fulfill customers' orders.

As at 31 December 2014, the Group had net bank borrowings of S\$36.6 million, compared to S\$31.6 million at the end of FY2013. As a result, the Group's net debt-to-equity ratio increased to 17.7% from 15.4% as at 31 December 2013.

Cash Flow Analysis

The Group generated net cash from operating activities of S\$22.9 million in FY2014. This was attributed to cash generated from operations of S\$29.4 million, which was partially offset by income tax and interest payments totaling S\$6.5 million.

Net cash used in investing activities in FY2014 amounted to S\$24.2 million attributable to the acquisition of NTZ, capital expenditure and deferred development costs. The Group used net cash of S\$4.3 million for financing activities in FY2014, due mainly to the repayment of finance lease liabilities and payment of dividends in respect of FY2013, partly offset by net proceeds from short term borrowings and term loans as well as proceeds from the re-issuance of treasury shares.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of S\$5.6 million in FY2014. When added to its opening cash and cash equivalents of minus S\$0.7 million at the beginning of FY2014 and after accounting for the positive effect of foreign currency movements of S\$1.4 million on its opening cash and cash equivalents, the Group had an ending cash balance of minus S\$4.9 million as at 31 December 2014.

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 for FY2014 are in line with the guidance provided in its financial statements posted on the SGX website on 7 November 2014.

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's net profit attributable to equity holders in FY2014 declined 36.0% to S\$11.4 million due to lower gross profits, higher exceptional charges and absence of foreign exchange gain as compared to FY2013.

While the USA economy is showing signs of recovery, lingering uncertainty about the direction of the Eurozone economies and slowing economic growth in China are expected to continue affecting business sentiments of end-users in the markets served by the Group.

The Group is also mindful of certain risks that could adversely affect its financial results in the near term. These risks include pressure on selling prices of the Group's products, rising operating costs, unfavourable movements in currency exchange rates and higher interest rates.

Amid the challenging business environment, the Group will continue to focus on executing its strategic initiatives to improve the performances of its two business divisions. While the Group will be discontinuing certain product lines in the coming year such as the mail facilitating products, it expects to roll out new business programs with new and existing customers.

To mitigate the impact of pricing and cost pressures on profit margins, the Group will focus on implementing several measures to reduce costs while improving the efficiency and productivity of its operations.

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 2014 of 1.00 cents per ordinary share for approval by shareholders at the forthcoming Annual General Meeting to be convened on 23 April 2015.

Name of Dividend	Ordinary Tax Exempt
Dividend Type	Cash
Dividend amount per share (in cents)	1.00 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 2013 of 1.40 cents per ordinary share which was approved by shareholders at the Annual General Meeting convened on 24 April 2014.

Name of Dividend	Ordinary Tax Exempt
Dividend Type	Cash
Dividend amount per share (in cents)	1.40 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 15 May 2015.

(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, 4 May 2015 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 Thursday, 30 April 2015 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) Business segments

FY2014

	Mechatronics \$'000	Integrated Manufacturing Services \$'000	Investment Holding \$'000	Eliminations \$'000	Total \$'000
Turnover					
External revenue	299,199	173,519	19	-	472,737
Inter-segment sales	-	-	743	(743)	-
	<u>299,199</u>	<u>173,519</u>	<u>762</u>	<u>(743)</u>	<u>472,737</u>
Segment results	<u>12,796</u>	<u>5,092</u>	<u>(82)</u>	<u>-</u>	<u>17,806</u>
Interest income	121	24	148	-	293
Finance costs	(858)	(731)	-	-	(1,589)
Profit before income tax and exceptional items					<u>16,510</u>
Exceptional items:					
Impairment loss of financial asset, available-for-sale	-	-	(535)	-	(535)
Impairment loss of goodwill in subsidiary	(179)				<u>(179)</u>
Profit before income tax					<u>15,796</u>
Income tax expense	(2,679)	(2,025)	(11)	-	<u>(4,715)</u>
Total profit					<u><u>11,081</u></u>
Segment assets	<u>178,029</u>	<u>162,956</u>	<u>11,277</u>	<u>-</u>	<u>352,262</u>
Segment liabilities	<u>87,398</u>	<u>55,542</u>	<u>867</u>	<u>-</u>	<u>143,807</u>
Other segment information:					
Capital expenditure	6,330	11,389	13	-	17,732
Depreciation and amortisation	8,752	13,141	4	-	21,897
Other non-cash expenses other than depreciation and amortisation	6	427	-	-	433
Amortisation of deferred gain	<u>1,064</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,064</u>

FY2013

	Mechatronics \$'000	Integrated Manufacturing Services \$'000	Investment Holding \$'000	Eliminations \$'000	Total \$'000
Turnover					
External revenue	273,857	170,861	19	-	444,737
Inter-segment sales	-	-	734	(734)	-
	<u>273,857</u>	<u>170,861</u>	<u>753</u>	<u>(734)</u>	<u>444,737</u>
Segment results	<u>11,152</u>	<u>13,728</u>	<u>(14)</u>	<u>-</u>	<u>24,866</u>
Interest income	10	29	218	-	257
Finance costs	(796)	(694)	(768)	-	(2,258)
Profit before income tax and exceptional items					<u>22,865</u>
Exceptional items:					
Impairment loss of financial asset, available-for-sale	-	-	(403)	-	(403)
Profit before income tax					<u>22,462</u>
Income tax expense	(1,264)	(3,029)	(37)	-	<u>(4,330)</u>
Total profit					<u><u>18,132</u></u>
Segment assets	<u>168,642</u>	<u>153,063</u>	<u>13,390</u>	<u>-</u>	<u>335,095</u>
Segment liabilities	<u>75,525</u>	<u>52,028</u>	<u>477</u>	<u>-</u>	<u>128,030</u>
Other segment information:					
Capital expenditure	10,179	6,236	6	-	16,421
Depreciation and amortisation	8,862	12,895	2	-	21,759
Other non-cash expenses other than depreciation and amortisation	66	302	-	-	368
Amortisation of deferred gain	<u>1,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,063</u>

13 (b) Geographical segments**FY2014**

Turnover	Asia \$'000	Europe \$'000	Others \$'000	Eliminations \$'000	Total \$'000
External revenue	185,767	268,548	19,517	(1,095)	472,737
Total assets	236,920	109,884	5,458	-	352,262
Capital expenditure	12,895	4,448	389	-	17,732

FY2013

Turnover	Asia \$'000	Europe \$'000	Others \$'000	Eliminations \$'000	Total \$'000
External revenue	180,865	252,927	15,262	(4,317)	444,737
Total assets	229,506	101,278	4,311	-	335,095
Capital expenditure	9,074	7,283	64	-	16,421

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.

	31/12/2014	31/12/2013	% increase/ (decrease)
	\$'000	\$'000	
Sales reported for first half year	236,617	215,709	9.7%
Operating profit after tax before deducting minority interests reported for first half year	8,378	7,390	13.4%
Sales reported for second half year	236,120	229,028	3.1%
Operating profit/(loss) after tax before deducting minority interests reported for second half year	2,703	10,742	-74.8%

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 2014 \$'000	Previous Full Year 2013 \$'000
Ordinary Dividend	4,045	5,654
Preference Dividend	-	-
Total	4,045	5,654

17. Interested Person Transactions

Name of Interested Person	Aggregate value of all IPTs during the financial year under review	
	(excluding transactions less than \$100,000)	
	31/12/14	31/12/13
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	51	Spouse of Mr Tan Lai Heng	Senior Director, Human Resource and Administration of ETLA Limited	-

BY ORDER OF THE BOARD

Sim Mong Huat
Executive Director
26-Feb-15