



## 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		
	31/12/15	31/12/14	%	31/12/15	31/12/14	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Revenue	103,108	115,220	-10.5%	439,380	472,737	-7.1%
Cost of sales	(86,202)	(103,650)	-16.8%	(372,053)	(406,768)	-8.5%
Gross profit	16,906	11,570	46.1%	67,327	65,969	2.1%
Other income (Note 1)	1,345	3,019	-55.4%	6,814	5,538	23.0%
Selling and distribution expenses	(2,548)	(2,704)	-5.8%	(11,163)	(12,630)	-11.6%
Administrative and general expenses	(8,570)	(9,651)	-11.2%	(38,958)	(39,874)	-2.3%
Other operating expenses (Note 1)	(360)	(283)	27.2%	(1,989)	(1,197)	66.2%
Interest income	60	111	-45.9%	214	293	-27.0%
Finance costs	(374)	(369)	1.4%	(1,545)	(1,589)	-2.8%
Profit before income tax and exceptional items	6,459	1,693	281.5%	20,700	16,510	25.4%
Exceptional items (Note 2)	(4,664)	(714)	553.2%	(5,975)	(714)	736.8%
Profit before income tax	1,795	979	83.4%	14,725	15,796	-6.8%
Income tax expense	(770)	(473)	62.8%	(5,122)	(4,715)	8.6%
Total profit	1,025	506	102.6%	9,603	11,081	-13.3%
Profit attributable to:						
Equity holders of the Company	870	760	14.5%	9,221	11,358	-18.8%
Non-controlling interests	155	(254)	-161.0%	382	(277)	N.M.
	1,025	506	102.6%	9,603	11,081	-13.3%
<b>Note 1 - Other income/(Other operating expenses)</b>						
Other Income	1,345	3,019	-55.4%	6,814	5,538	23.0%
Other Operating Expenses	(360)	(283)	27.2%	(1,989)	(1,197)	66.2%
	985	2,736	-64.0%	4,825	4,341	11.1%
Included in Other income/(Other operating expenses):						
Gain/(loss) on disposal of property, plant and equipment, net	46	131	-64.9%	321	190	68.9%
Government grants	502	410	22.4%	1,417	1,589	-10.8%
Foreign exchange (loss)/gain, net	17	1,459	-98.8%	846	(32)	N.M.
Amortisation of deferred gain	266	266	0.0%	1,063	1,064	-0.1%
Scrap sales	149	176	-15.2%	677	842	-19.6%
Other income	110	379	-71.0%	720	820	-12.2%
Other expenses	(105)	(85)	24.1%	(219)	(132)	66.2%
	985	2,736	-64.0%	4,825	4,341	11.1%

#### Note 2 - Exceptional items comprise:-

	Note	31/12/15	31/12/14	%	31/12/15	31/12/14	%
Impairment loss of financial asset, available-for-sale	(i)	(240)	(535)	-55.1%	(240)	(535)	-55.1%
Impairment loss of goodwill in subsidiary	(ii)	-	(179)	N.M.	-	(179)	N.M.
Impairment loss of deferred development costs	(iii)	(2,288)	-	N.M.	(2,288)	-	N.M.
Loss on winding up of subsidiaries	(iv)	(2,136)	-	N.M.	(2,136)	-	N.M.
Indemnity compensation and post contractual remuneration	(v)	-	-	N.M.	(2,310)	-	N.M.
Reversal of sales commission accrued	(vi)	-	-	N.M.	999	-	N.M.
		(4,664)	(714)	553.2%	(5,975)	(714)	736.8%

#### Note

- (i) This is in respect of impairment loss of investment in MTIC Holdings Pte. Ltd..
- (ii) This was in respect of impairment loss of goodwill in Allmepp Holding B.V. in last financial year.
- (iii) This is in respect of impairment loss of deferred development costs by a subsidiary of Juken Technology Limited.
- (iv) This is in respect of loss on winding up of subsidiaries in Malaysia and China.
- (v) The indemnity compensation to SNECI SAS is in accordance with Article L.134-12 of the French Commercial code which provides that in the event of agency termination, including non renewal of agency, the agent shall be entitled to compensation indemnity for any loss suffered arising from the termination. This code is a matter of public policy rule. Pursuant to Article L.134-7 of the French Commercial code, SNECI SAS is entitled to post contractual remuneration constituting commission for activities established during the tenure of the agency agreement but concluded within a reasonable time after the cessation of the agreement. A settlement agreement was reached with SNECI SAS for the aforesaid claims; the sum for indemnity compensation was €1,055,358 (S\$1,870,885) and that for post contractual remuneration was €247,463 (S\$438,690).
- (vi) This represent the reversal of sales commission accrued from the day after the expiration of the agency agreement on 20th September 2014 to the conclusion of the settlement agreement on 18th September 2015.

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		
	31/12/15	31/12/14	%	31/12/15	31/12/14	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
<b>Profit for the period/year is arrived at after charging/(crediting) :-</b>						
Investment income	-	-	-	-	-	-
Other income including interest income	(1,405)	(3,130)	-55%	(7,028)	(5,831)	21%
Amortisation of deferred gain	(266)	(266)	0%	(1,063)	(1,064)	0%
Interest on borrowings	374	369	1%	1,545	1,589	-3%
Depreciation of property, plant and equipment	3,986	4,942	-19%	18,064	19,513	-7%
Amortisation of intangible assets	170	969	-82%	1,205	2,384	-49%
(Write-back)/Allowance for doubtful debts and bad debts written off	70	90	-22%	(47)	41	N.M.
(Write back)/Allowance for inventory obsolescence	1,163	695	67%	1,452	890	63%
Foreign exchange (gain)/loss, net	(17)	(1,459)	-99%	(846)	32	N.M.
Adjustments for (over)/under provision of tax in respect of prior years	(125)	(55)	127%	(456)	(3)	15100%
(Gain)/Loss on disposal of property, plant and equipment, net	(46)	(131)	-65%	(321)	(190)	69%
Property, plant and equipment written off	3	12	-75%	53	58	-9%
Impairment loss of property, plant and equipment	18	-	N.M.	18	-	N.M.
Exceptional items:-						
Impairment loss of financial asset, available-for-sale	240	535	-55%	240	535	-55%
Impairment loss of goodwill in subsidiary	-	179	N.M.	-	179	N.M.
Impairment loss of deferred development costs	2,288	-	N.M.	2,288	-	N.M.
Loss on winding up of subsidiaries	2,136	-	N.M.	2,136	-	N.M.
Indemnity compensation and post contractual remuneration	-	-	N.M.	2,310	-	N.M.
Reversal of sales commission accrued	-	-	N.M.	(999)	-	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	
	31/12/15 \$'000	31/12/14 \$'000	31/12/15 \$'000	31/12/14 \$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	97,713	106,410	-	-
Subsidiaries	-	-	127,229	135,001
Financial asset, available-for-sale	4,132	4,372	4,132	4,372
Intangible assets	23,810	24,880	-	-
Deferred income tax assets	2,506	1,147	-	-
Other receivables, deposits and prepayments	1,935	3,156	-	-
Total non-current assets	<u>130,096</u>	<u>139,965</u>	<u>131,361</u>	<u>139,373</u>
<b>CURRENT ASSETS</b>				
Inventories	98,924	95,669	-	-
Trade receivables	87,411	87,207	-	-
Subsidiaries	-	-	662	1,328
Dividends receivable from subsidiaries	-	-	4,127	4,295
Other receivables, deposits and prepayments	8,199	8,789	19	12
Tax recoverable	126	1,862	-	-
Cash and cash equivalents	14,719	18,770	3,667	2,092
Total current assets	<u>209,379</u>	<u>212,297</u>	<u>8,475</u>	<u>7,727</u>
Total assets	<u>339,475</u>	<u>352,262</u>	<u>139,836</u>	<u>147,100</u>
<b>CURRENT LIABILITIES</b>				
Trade payables	45,004	49,111	-	-
Other payables, accruals and provisions	28,997	31,345	381	360
Deferred gain	1,063	1,063	-	-
Borrowings	50,114	53,022	-	400
Income tax payable	2,510	1,234	3	2
Total current liabilities	<u>127,688</u>	<u>135,775</u>	<u>384</u>	<u>762</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred gain	797	1,860	-	-
Borrowings	1,786	2,337	-	-
Deferred income tax liabilities	3,600	3,835	-	-
Total non-current liabilities	<u>6,183</u>	<u>8,032</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>133,871</u>	<u>143,807</u>	<u>384</u>	<u>762</u>
<b>NET ASSETS</b>	<u>205,604</u>	<u>208,455</u>	<u>139,452</u>	<u>146,338</u>
<b>EQUITY</b>				
Capital and reserves attributable to the Company's equity holders				
Share capital	99,659	99,627	99,659	99,627
Treasury shares	-	-	-	-
Foreign currency translation reserve	(25,961)	(17,226)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	(15)	(27)	(15)	(27)
Statutory reserve fund	1,622	1,042	-	-
Share option reserve	1,787	1,621	1,787	1,621
Retained profits	124,194	119,534	38,021	45,117
	<u>203,631</u>	<u>206,916</u>	<u>139,452</u>	<u>146,338</u>
Non-controlling interests	1,973	1,539	-	-
<b>TOTAL EQUITY</b>	<u>205,604</u>	<u>208,455</u>	<u>139,452</u>	<u>146,338</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 31/12/15	
Secured \$'000	Unsecured \$'000
30,211	19,903

As at 31/12/14	
Secured \$'000	Unsecured \$'000
29,831	23,191

**Amount repayable after one year**

As at 31/12/15	
Secured \$'000	Unsecured \$'000
1,356	430

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

**Details of any collateral**

Details of the borrowings of the Group and its securities as at 31 December 2015 are as follows:

	<u>Note</u>	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	24,396	1,820	26,216
Other short-term borrowings	(ii)	4,975	17,689	22,664
Finance lease	(iii)	461	-	461
Term Loans	(iv)	1,735	824	2,559
		<u>31,567</u>	<u>20,333</u>	<u>51,900</u>

(i) bank overdrafts of :-

- (a) \$23,943,000 is secured by mortgage over properties, pledged on the trade receivables and inventories of all subsidiaries of the Company in The Netherlands; and
- (b) \$453,000 is secured by exclusive charge on the entire present and future current and fixed assets of a subsidiary in India.

(ii) other short-term borrowings are secured by 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) \$631,000 is secured by exclusive charge on the entire present and future current and fixed assets of a subsidiary in India; and
- (b) \$1,104,000 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 31/12/15 \$'000	31/12/14 \$'000	12 months ended 31/12/15 \$'000	31/12/14 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Total profit</b>	1,025	506	9,603	11,081
Adjustments for:				
Income tax expense	770	473	5,122	4,715
Exchange differences	(1,037)	(61)	(976)	(563)
Employee share option expense	-	94	244	375
Depreciation of property, plant and equipment	3,986	4,942	18,064	19,513
Loss/(Gain) on disposal of property, plant and equipment, net	(46)	(131)	(321)	(190)
Property, plant and equipment written off	3	12	53	58
Interest income	(60)	(111)	(214)	(293)
Interest expense	374	369	1,545	1,589
Amortisation of deferred gain	(266)	(266)	(1,063)	(1,064)
Amortisation of intangible assets	170	969	1,205	2,384
Impairment loss of financial asset, available-for-sale	240	535	240	535
Impairment loss of deferred development costs	2,288	-	2,288	-
Loss on winding up of subsidiaries	2,136	-	2,136	-
Impairment loss of property, plant and equipment	18	-	18	-
Impairment loss of goodwill in subsidiary	-	179	-	179
Operating cash flow before working capital changes	9,601	7,510	37,944	38,319
<b>Changes in operating assets and liabilities :</b>				
Inventories	(2,748)	3,942	(7,944)	(12,033)
Receivables	(3,513)	5,726	(1,905)	(6,194)
Payables	2,272	246	(5,169)	9,369
<b>Cash flows generated from operations</b>	5,612	17,424	22,926	29,461
Tax (paid)/refunded	(1,020)	(1,606)	(3,444)	(4,939)
Interest paid	(425)	(378)	(1,584)	(1,598)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	4,167	15,440	17,898	22,924
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	60	111	214	293
Additions of intangible assets	(1,630)	(264)	(2,890)	(4,506)
Purchase of property, plant and equipment ( <b>Note 1</b> )	(5,110)	(5,854)	(13,707)	(16,320)
Proceeds from disposal of property, plant and equipment	10	22	533	506
Acquisition of a subsidiary, net of cash acquired	-	521	-	(4,249)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(6,670)	(5,464)	(15,850)	(24,276)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from re-issuance of treasury shares	-	-	-	1,034
Proceeds from issuance of share capital	-	89	32	89
Repayment of finance lease liabilities	(9)	(107)	(310)	(3,020)
Repayment of short term bank borrowings	(26,837)	(17,881)	(108,911)	(79,655)
Repayment of term loans	(451)	(237)	(1,780)	(1,330)
Proceeds from short term bank borrowings	25,160	20,156	104,883	82,674
Proceeds from term loans	315	-	931	1,654
Dividend paid to shareholders	-	-	(4,047)	(5,654)
Withdrawal/(Placement) of fixed deposits pledged as securities	268	(51)	48	(53)
<b>NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>	(1,554)	1,969	(9,154)	(4,261)
Net (decrease)/increase in cash and cash equivalents	(4,057)	11,945	(7,106)	(5,613)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR</b>	(8,177)	(17,221)	(4,929)	(761)
Effect of exchange rate changes on cash and cash equivalents	621	347	422	1,445
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	(11,613)	(4,929)	(11,613)	(4,929)

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
	31/12/15	31/12/14	31/12/15	31/12/14
	\$'000	\$'000	\$'000	\$'000
<b>Cash and cash equivalents at end of the financial year comprise:</b>				
Short term fund placed with a Malaysian financial institution	3,084	4,181	3,084	4,181
Deposits with licensed banks	116	165	116	165
Cash and bank balances	11,519	14,424	11,519	14,424
Bank overdrafts	(26,216)	(23,534)	(26,216)	(23,534)
	(11,497)	(4,764)	(11,497)	(4,764)
Less: Deposits pledged as securities	(116)	(165)	(116)	(165)
	(11,613)	(4,929)	(11,613)	(4,929)

**Note 1 :**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$15,746,000 (31.12.2014: \$17,732,000) of which \$51,000 (31.12.2014: \$29,000) was acquired by means of finance lease arrangement and \$1,988,000 (31.12.2014: \$1,383,000) was included in other payables at balance sheet date. Cash payments of \$13,707,000 (31.12.2014: \$16,320,000) were made to purchase these property, plant and equipment.

**1(d) Consolidated statement of comprehensive income**

	3 months ended		12 months ended	
	31/12/15	31/12/14	31/12/15	31/12/14
	\$'000	\$'000	\$'000	\$'000
<b><u>Statement of Comprehensive Income</u></b>				
Profit for the period/year	1,025	506	9,603	11,081
<i>Item that may be reclassified subsequently to income statement :</i>				
- Currency translation differences arising from consolidation	(1,534)	(3,900)	(8,683)	(5,535)
Total comprehensive income/(loss) for the period/year	(509)	(3,394)	920	5,546
Attributable to:				
Equity holders of the Company	(660)	(3,193)	486	5,790
Non-controlling interests	151	(201)	434	(244)
Total comprehensive income/(loss) for the period/year	(509)	(3,394)	920	5,546

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 2015 and 31 December 2014

	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
<b>The Group</b>											
At 1 October 2015	99,659	-	(24,431)	2,345	(15)	1,490	1,787	123,456	204,291	1,822	206,113
Profit for the quarter	-	-	-	-	-	-	-	870	870	155	1,025
Other comprehensive income/(loss): Currency translation differences arising from consolidation	-	-	(1,530)	-	-	-	-	(1,530)	(1,530)	(4)	(1,534)
Total comprehensive income/(loss) for the quarter	-	-	(1,530)	-	-	-	-	870	(660)	151	(509)
<i>Transactions with owners recognised directly in equity</i>											
Transfer to statutory reserve fund	-	-	-	-	-	132	-	(132)	-	-	-
	-	-	-	-	-	132	-	(132)	-	-	-
At 31 December 2015	99,659	-	(25,961)	2,345	(15)	1,622	1,787	124,194	203,631	1,973	205,604
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)	(3,953)	53	(3,900)
Total comprehensive income for the quarter	-	-	(3,953)	-	-	-	-	760	(3,193)	(201)	(3,394)
<i>Transactions with owners recognised directly in equity</i>											
Transfer to/(from) statutory reserve fund	-	-	-	-	-	(11)	-	11	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	94	-	94	-	94
- Issue of share capital	89	-	-	-	-	-	-	-	89	-	89
- Transfer arising from exercised share options	-	-	-	-	33	-	(33)	-	-	-	-
	89	-	-	-	33	(11)	61	11	183	-	183
At 31 December 2014	99,627	-	(17,226)	2,345	(27)	1,042	1,621	119,534	206,916	1,539	208,455

	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
<b>The Company</b>									
At 1 October 2015	99,659	-	-	-	(15)	-	1,787	41,826	143,257
Total comprehensive income for the quarter	-	-	-	-	-	-	-	(3,805)	(3,805)
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Value of employee services	-	-	-	-	-	-	-	-	-
- Issue of share capital	-	-	-	-	-	-	-	-	-
- Transfer arising from exercised share options	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
At 31 December 2015	99,659	-	-	-	(15)	-	1,787	38,021	139,452
At 1 October 2014	99,538	-	-	-	(60)	-	1,560	41,376	142,414
Total comprehensive expense for the quarter	-	-	-	-	-	-	-	3,741	3,741
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Value of employee services	-	-	-	-	-	-	94	-	94
- Issue of share capital	89	-	-	-	-	-	-	-	89
- Transfer arising from exercised share options	-	-	-	-	33	-	(33)	-	-
	89	-	-	-	33	-	61	-	183
At 31 December 2014	99,627	-	-	-	(27)	-	1,621	45,117	146,338



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

There were no changes in the Company's share capital for the quarter ended 31 December 2015.

	Total number of issued shares as at	
	31/12/15	31/12/14
Number of issued shares	404,662,409	404,472,409
Number of treasury shares	-	-
Total number of issued shares excluding treasury shares	404,662,409	404,472,409

Share options

The movement of share options of the Company during the period from 1 October 2015 to 31 December 2015 is as follows:

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 1.10.2015	Granted during the period	Forfeited during the period	Exercised during the period	As at 31.12.2015		
1.12.2008 (2008 Option)	2,746,000	0	0	0	2,746,000	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	3,864,000	0	0	0	3,864,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	5,325,000	0	0	0	5,325,000	\$0.224	1.12.2012 - 30.11.2020
7.10.2013 (2013 Option)	5,700,000	0	0	0	5,700,000	\$0.208	7.10.2015 - 6.10.2023
	17,635,000	0	0	0	17,635,000		

	Total number of shares as at	
	31/12/15	31/12/14
Total number of shares that may be issued on exercise of share options outstanding	17,635,000	18,655,000

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	
	31/12/15	31/12/14
Total number of issued shares excluding treasury shares	404,662,409	404,472,409

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 2015.

**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	31/12/14	12 months ended	31/12/14
	31/12/15		31/12/15	
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)	0.21	0.19	2.28	2.82
- Weighted average number of shares (in thousand)	404,662	404,129	404,623	402,576
(ii) On a fully diluted basis (in cents)	0.21	0.19	2.27	2.78
- Adjusted weighted average number of shares (in thousand)	405,732	407,321	406,014	408,875

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	
	31/12/15	31/12/14	31/12/15	31/12/14
Net asset value per ordinary share based on issued share capital at the end of financial year (cents)	50.32	51.16	34.46	36.18

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 31.12.2015 of 404,662,409 (31.12.2014 : 404,472,409).

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.

## Income Statement

### Group Revenue

	1Q	2Q	3Q	4Q	Full Year
<b>FY2015 (S\$'000)</b>	111,681	116,924	107,667	103,108	439,380
<b>FY2014 (S\$'000)</b>	110,904	125,713	120,900	115,220	472,737
<b>yoy (%)</b>	0.7	-7.0	-10.9	-10.5	-7.1

Amid challenging business conditions, the Group's revenue for the 12 months ended 31 December 2015 ("FY2015") decreased 7.1% to S\$439.4 million. This was attributable to lower sales of both the Mechatronics and IMS Divisions.

Approximately 36.9% of the Group's sales in FY2015 were translated from Euro to Singapore Dollar. The Euro depreciated approximately 9.6% against the Singapore Dollar in FY2015 as compared to FY2014. At the same exchange rates as those prevailing in FY2014, the Group's revenue for FY2015 would have been S\$456.5 million, 3.4% lower than the revenue of S\$472.7 million in FY2014.

## Mechatronics Division

### Revenue breakdown by Business Segment

Sales	4Q15	4Q14	yoy	FY2015	FY2014	yoy
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>MECHATRONICS DIVISION</b>						
Semiconductor	12,703	14,776	(14.0)	64,100	69,074	(7.2)
Medical	15,105	16,962	(10.9)	61,366	68,193	(10.0)
Analytical	21,057	25,437	(17.2)	83,801	94,948	(11.7)
Industrial Automation	9,164	12,243	(25.1)	48,043	37,932	26.7
Others	2,473	6,324	(60.9)	16,436	29,052	(43.4)
<b>Mechatronics Total</b>	<b>60,502</b>	<b>75,742</b>	<b>(20.1)</b>	<b>273,746</b>	<b>299,199</b>	<b>(8.5)</b>
<b>IMS DIVISION</b>						
Automotive	30,555	25,946	17.8	119,571	113,018	5.8
Office Automation	1,029	4,919	(79.1)	8,090	23,249	(65.2)
Consumer & Industrial						
Electronics	5,127	5,154	(0.5)	22,250	22,525	(1.2)
Others	431	536	(19.6)	1,550	2,359	(34.3)
Tooling	5,460	2,918	87.1	14,156	12,368	14.5
<b>IMS Total</b>	<b>42,602</b>	<b>39,473</b>	<b>7.9</b>	<b>165,617</b>	<b>173,519</b>	<b>(4.6)</b>

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

Revenue at the Mechatronics Division declined 8.5% from S\$299.2 million in FY2014 to S\$273.7 million in FY2015. Sales in the semiconductor, medical and analytical segments in FY2015 were lower year-on-year due to slower orders from customers owing to weaker economic conditions in Europe and China, as well as the unfavourable impact of the Euro's depreciation vis-à-vis the Singapore dollar. On the other hand, the industrial automation segment registered a 26.7% increase in sales for FY2015. This was attributed mainly to higher sales of production equipment for storage drives, as well as increased orders from a recently acquired customer in the storage test equipment sector.

Revenue at the IMS Division softened by 4.6% to S\$165.6 million in FY2015. Sales of the automotive segment improved by 5.8% in FY2015. This was however offset by lower sales of the office automation segment as the Group ceased sales of mail facilitating products since the end of June 2015.

## Gross Profit Margin

Notwithstanding lower revenue, the Group's gross profit increased 2.1% to S\$67.3 million in FY2015. Correspondingly, the gross profit margin expanded to 15.3% compared to 14.0% in FY2014. This was lifted mainly by the IMS Division which achieved better gross profit margin. The Mechatronics Division registered a steady gross profit margin in FY2015.

### Other Income/Other operating expenses (refer to Note 1, Part 1 of Income Statement)

Other income, net of other operating expenses in FY2015 increased by 11.1% from S\$4.3 million in FY2014 to S\$4.8 million. This was due mainly to higher foreign exchange gains.

### Selling and Administrative Expenses

Selling and distribution expenses in FY2015 decreased 11.6% year-on-year to S\$11.2 million, attributable to lower headcount, reductions in sales commission and marketing/promotion expenses. Administrative and general expenses decreased marginally to S\$39.0 million in FY2015 from S\$39.9 million in FY2014.

### Finance Costs

Finance costs in FY2015 were stable at S\$1.5 million.

### Group Profit before Income Tax and Exceptional Items

The Group recorded profit before income tax and exceptional items of S\$20.7 million in FY2015, representing an increase of 25.4% from S\$16.5 million in FY2014. This was driven by higher profit contribution from both the IMS and Mechatronics Divisions.

### Exceptional Items

The Group reported exceptional items amounting to S\$6.0 million in FY2015 set out as follows:-

1. About S\$1.3 million was in relation to the non-renewal of an agency contract by the Group's subsidiary in Penang with SNECI SAS.
2. The Group incurred impairment loss of deferred development costs of S\$2.3 million attributable to a subsidiary of the IMS Division.
3. The winding up of subsidiaries in Malaysia and China also resulted in a non-cash exceptional loss amounting to S\$2.1 million. Upon dissolution of these subsidiaries, the Group had to recognise the attributable foreign exchange translation losses to the income statement from the foreign currency translation reserves maintained on the balance sheet.
4. Impairment loss of S\$0.3 million for a financial asset, available-for-sale in respect of the Group's investment in MTIC Holdings Pte. Ltd.

The details relating to the exceptional items are further elaborated in Note 2, Part 1 of the Income Statement.

### Group Net Profit Attributable to Equity Holders of the Company

	1Q	2Q	3Q	4Q	Full Year
<b>FY2015 (S\$'000)</b>	439	4,125	3,787*	870 <sup>#</sup>	9,221
<b>FY2014 (S\$'000)</b>	3,802	4,557	2,239	760	11,358
<b>yoy (%)</b>	(88.5)	(9.5)	69.1	14.5	(18.8)

\*including exceptional items totaling S\$1.3 million

<sup>#</sup>including exceptional items totaling S\$4.7 million

After accounting for the exceptional items, income tax of S\$5.1 million and non-controlling interest of S\$0.4 million, the Group's net profit attributable to equity holders (PATMI) decreased 18.8% to S\$9.2 million in FY2015. Excluding the exceptional items of S\$6.0 million in FY2015 and S\$0.7 million in FY2014, the Group's PATMI would have increased to S\$15.2 million in FY2015 from S\$12.1 million in FY2014.

For FY2015, the Mechatronics Division recorded net profit of S\$8.9 million compared to S\$9.2 million in FY2014. Excluding exceptional items of S\$1.5 million for FY2015 and S\$0.2 million for FY2014, the Mechatronics Division would have registered a net profit of S\$10.4 million in FY2015 compared to S\$9.4 million in FY2014.

The IMS Division posted net profit of S\$0.9 million for FY2015 compared to S\$2.7 million in FY2014. Excluding exceptional items of S\$4.3 million in FY2015, this division would have recorded higher net profit of S\$5.2 million in FY2015 against S\$2.7 million in FY2014.

### Dividend Payment

The Board of Directors has recommended a first and final dividend payment of 0.75 cents per share (one-tier tax exempt) in respect of FY2015 for approval by shareholders at the forthcoming Annual General Meeting on 28 April 2016.

## **Balance Sheet**

As at 31 December 2015, the Group had shareholders' equity of S\$203.6 million, equivalent to net asset value of 50.32 cents per share based on the total number of issued shares of 404.7 million shares.

Total assets as at 31 December 2015 decreased to S\$339.5 million from S\$352.3 million at the end of December 2014. This was attributable mainly to decreases in property, plant and equipment and cash and cash equivalents, offset partially by an increase in inventories.

As at 31 December 2015, cash and cash equivalents decreased to S\$14.7 million from S\$18.8 million as at 31 December 2014. Inventories increased to S\$98.9 million from S\$95.7 million at the end of FY2014 for fulfillment of orders to customers.

Trade receivables were stable at S\$87.4 million compared to S\$87.2 million as at 31 December 2014. Trade payables also declined to S\$45.0 million at the end of FY2015 from S\$49.1 million as at 31 December 2014, attributed to settlement of outstanding amounts and lower purchases of materials during 4Q15.

As at 31 December 2015, the Group had net bank borrowings of S\$37.2 million, compared to S\$36.6 million at the end of FY2014. As a result, the Group's net debt-to-equity ratio increased to 18.3% from 17.7% as at 31 December 2014.

## **Cash Flow Analysis**

The Group generated net cash from operating activities of S\$17.9 million in FY2015. Net cash used in investing activities amounted to S\$15.8 million in FY2015, attributable mainly to capital expenditure. The Group used net cash of S\$9.2 million for financing activities in FY2015, due mainly to dividends paid to shareholders in respect of profit reported in FY2014 and a net repayment of borrowings and loans.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of S\$7.1 million in FY2015. When added to its opening cash and cash equivalents of minus S\$4.9 million at the beginning of FY2015 and after accounting for the positive effect of foreign currency movements of S\$0.4 million on its opening cash and cash equivalents, the Group had an ending cash balance of minus S\$11.6 million as at 31 December 2015.

## **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 FY2015 are in line with the guidance provided in its financial statements posted on the SGX website on 5 November 2015.

**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 operating environment is expected to be challenging as uncertainty continues to hang over the global economy. Against this backdrop, the Group envisages business sentiment and demand conditions in its key market segments to remain cautious.

The Group remains circumspect of other factors that could adversely affect its financial performance, such as pressure on selling prices of its products, rising operating costs, unfavourable movements in currency exchange rates and increases in interest rates.

To be better positioned to meet the challenges and achieve its goal of execution excellence, the Group is continuing with its operational strategies and measures to rationalise its cost structure, improve cost control, enhance product quality and operational efficiency of its two business divisions.

**Mechatronics Division**

Based on current indicators, sales of the semiconductor and analytical segments are expected to be largely unchanged in the first quarter ending 31 March 2016 ("1Q16") compared to 1Q15. On the other hand, the medical segment is anticipated to record higher year-on-year sales in 1Q16. Sales of the industrial automation segment are also expected to be better in 1Q16 compared to 1Q15 on the back of higher orders from existing and recently acquired customers. However, this segment's sales remain lumpy in nature.

**IMS Division**

Based on current indicators, sales of the automotive segment are expected to show a moderate year-on-year increase in 1Q16. This is expected to be counterbalanced by decreases in sales from the consumer & industrial electronics segment, as well as the office automation segment.

In the second half of FY2015, the IMS Division made encouraging progress to resolve certain operational issues and improve the operational efficiency of its Penang plant. This plant's operations remain an area of priority and the Group is continuing to work on improving the quality and efficiency of its plant operations in Penang.

## 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 2015 of 0.75 cents per ordinary share for approval by shareholders at the forthcoming Annual General Meeting to be convened on 28 April 2016.

Name of Dividend	Ordinary Tax Exempt
Dividend Type	Cash
Dividend amount per share (in cents)	0.75 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 2014 of 1.00 cents per ordinary share which was approved by shareholders at the Annual General Meeting 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

### (c) Date Payable

The proposed dividend, if approved at the Annual General Meeting, will be paid on 13 May 2016.

### (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 Friday, 6 May 2016 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, 5 May 2016 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**

**FY2015**

	Mechatronics \$'000	Integrated Manufacturing Services \$'000	Investment Holding \$'000	Eliminations \$'000	Total \$'000
<b>Turnover</b>					
External revenue	273,746	165,617	17	-	439,380
Inter-segment sales	-	-	789	(789)	-
	<u>273,746</u>	<u>165,617</u>	<u>806</u>	<u>(789)</u>	<u>439,380</u>
<b>Segment results</b>	13,453	9,077	(499)	-	22,031
Interest income	68	3	143	-	214
Finance costs	(692)	(850)	(3)	-	(1,545)
Profit before income tax and exceptional items					<u>20,700</u>
Exceptional items:					
Impairment loss of financial asset, available-for-sale	-	-	(240)	-	(240)
Impairment loss of deferred development costs	-	(2,288)	-	-	(2,288)
Loss on winding up of subsidiaries	(1,480)	(656)	-	-	(2,136)
Indemnity compensation and post contractual remuneration	-	(2,310)	-	-	(2,310)
Reversal of sales commission accrued	-	999	-	-	999
Profit before income tax					<u>14,725</u>
Income tax expense	(2,403)	(2,710)	(9)	-	(5,122)
Total profit					<u><u>9,603</u></u>
Segment assets	<u>169,872</u>	<u>157,839</u>	<u>11,764</u>	-	<u>339,475</u>
Segment liabilities	<u>81,197</u>	<u>52,162</u>	<u>512</u>	-	<u>133,871</u>
Other segment information:					
Capital expenditure	4,567	11,176	3	-	15,746
Addition of intangible assets	2,211	679	-	-	2,890
Depreciation and amortisation	7,728	11,535	6	-	19,269
Other non-cash expenses other than depreciation and amortisation	1,532	3,207	240	-	4,979
Amortisation of deferred gain	1,063	-	-	-	1,063

**FY2014**

	Mechatronics \$'000	Integrated Manufacturing Services \$'000	Investment Holding \$'000	Eliminations \$'000	Total \$'000
<b>Turnover</b>					
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>
<b>Segment results</b>	12,796	5,092	(82)	-	17,806
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)	-	-	-	(179)
Profit before income tax					<u>15,796</u>
Income tax expense	(2,679)	(2,025)	(11)	-	(4,715)
Total profit					<u><u>11,081</u></u>
Segment assets	<u>179,530</u>	<u>161,454</u>	<u>11,278</u>	-	<u>352,262</u>
Segment liabilities	<u>87,398</u>	<u>55,542</u>	<u>867</u>	-	<u>143,807</u>
Other segment information:					
Capital expenditure	6,330	11,389	13	-	17,732
Addition of intangible assets	4,506	-	-	-	4,506
Depreciation and amortisation	8,752	13,141	4	-	21,897
Other non-cash expenses other than depreciation and amortisation	185	427	535	-	1,147
Amortisation of deferred gain	1,064	-	-	-	1,064

**13 (b) Geographical segments**

	Revenue from external customers		Non-current assets	
	FY2015 \$'000	FY2014 \$'000	FY2015 \$'000	FY2014 \$'000
<b>Based on location of customer</b>				
The Netherlands	101,279	128,187	46,539	43,635
Republic of China	72,547	63,340	21,883	20,470
Singapore	42,002	46,422	9,388	12,160
Czech Republic	41,400	45,464	-	-
Malaysia	40,240	39,962	39,864	50,207
Germany	27,402	33,107	-	-
United Kingdom	4,011	24,459	-	-
America	27,804	18,648	633	3,071
Hungary	25,008	17,743	-	-
Thailand	10,884	12,447	2,681	3,477
Switzerland	13,031	16,036	1,798	1,080
Others	33,772	26,922	4,804	4,718
	<u>439,380</u>	<u>472,737</u>	<u>127,590</u>	<u>138,818</u>

**13 (c) Information about major customers**

Included in revenues arising from Mechatronics division of \$273,746,000 (2014 : \$299,199,000) are revenues of approximately \$52,400,000 (2014 : \$54,631,000) which arose from sales to the Group's largest customer.

**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.**

	31/12/2015 \$'000	31/12/2014 \$'000	% increase/ (decrease)
Sales reported for first half year	228,605	236,617	-3.4%
Operating profit after tax before deducting minority interests reported for first half year	4,694	8,378	-44.0%
Sales reported for second half year	210,775	236,120	-10.7%
Operating profit/(loss) after tax before deducting minority interests reported for second half year	4,909	2,703	81.6%

**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 2015 \$'000	Previous Full Year 2014 \$'000
Ordinary Dividend	3,035	4,047
Preference Dividend	-	-
Total	<u>3,035</u>	<u>4,047</u>

**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)	
	31/12/15	31/12/14
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	52	Spouse of Mr Tan Lai Heng	Senior Director, Human Resource and Administration of ETLA Limited	-

19. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

Frencken Group Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

**BY ORDER OF THE BOARD**

Sim Mong Huat  
 Executive Director  
 25-Feb-16