



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		
	31/12/09	31/12/08	%	31/12/09	31/12/08	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Revenue	68,709	48,705	41.1%	206,923	226,951	-8.8%
Cost of sales	(60,930)	(43,693)	39.5%	(188,581)	(195,329)	-3.5%
Gross profit	7,779	5,012	55.2%	18,342	31,622	-42.0%
Other gains	694	350	98.3%	2,613	1,670	56.5%
Selling and distribution expenses	(1,704)	(1,027)	65.9%	(5,049)	(4,697)	7.5%
Administrative and general expenses	(4,525)	(2,297)	97.0%	(13,104)	(10,007)	30.9%
Other operating expenses	(63)	(658)	-90.4%	(1,251)	(986)	26.9%
	2,181	1,380	58.0%	1,551	17,602	-91.2%
Interest income	233	436	-46.6%	803	1,403	-42.8%
Finance costs	(357)	(4)	8825.0%	(769)	(31)	2380.6%
Share of result of associated companies	-	-	N.M.	-	(45)	N.M.
Profit before income tax and exceptional items	2,057	1,812	13.5%	1,585	18,929	-91.6%
Exceptional items (Refer Note 1)	(5,068)	-	N.M.	8,489	-	N.M.
(Loss)/Profit before income tax	(3,011)	1,812	-266.2%	10,074	18,929	-46.8%
Income tax expense	(398)	(502)	-20.7%	(844)	(4,244)	-80.1%
Net (loss)/profit attributable to equity holders	(3,409)	1,310	-360.2%	9,230	14,685	-37.1%

Analysis of Net (Loss)/Profit

Profit before income tax and exceptional items	2,057	1,812	13.5%	1,585	18,929	-91.6%
Income tax expense	(398)	(502)	-20.7%	(844)	(4,244)	-80.1%
Net profit before exceptional items	1,659	1,310	26.6%	741	14,685	-95.0%
Exceptional items (Refer Note 1)	(5,068)	-	N.M.	8,489	-	N.M.
Net (loss)/profit attributable to equity holders	(3,409)	1,310	-360.2%	9,230	14,685	-37.1%

Note 1 - Exceptional items comprise :

	Note	31/12/09	31/12/08	%	31/12/09	31/12/08	%
Negative goodwill	(i)	268	-	N.M.	13,825	-	N.M.
Impairment of goodwill	(ii)	(3,399)	-	N.M.	(3,399)	-	N.M.
Other losses	(iii)						
- Impairment loss on machineries and equipments		(1,242)	-	N.M.	(1,242)	-	N.M.
- Inventories written down		(695)	-	N.M.	(695)	-	N.M.
		(1,937)	-	N.M.	(1,937)	-	N.M.
		(5,068)	-	N.M.	8,489	-	N.M.

Note

- (i) This negative goodwill arose from the acquisition of ETLA Limited in May 2009 and is recognised as a gain in the income statement in accordance with FRS 103 for Business Combinations. The amount in the 4Qtr.'09 is attributable to adjustments arising from the finalisation of the fair value of certain assets.
- (ii) The impairment of goodwill arose from certain subsidiaries within the EMS division.
- (iii) The other losses arose from the impairment of certain machineries, equipment and write down of inventories consequent to the disposal of the main keypad production facilities subsequent to year end.

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		
	31/12/09	31/12/08	%	31/12/09	31/12/08	%
	\$'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	(927)	(786)	17.9%	(3,416)	(3,073)	11.2%
Interest on borrowings	357	4	8825.0%	769	31	2380.6%
Depreciation of property, plant and equipment	3,157	2,163	46.0%	11,168	8,389	33.1%
(Write-back)/Allowance for doubtful debts and bad debts written off	283	12	2261.0%	284	12	2269.4%
(Write back)/Allowance for inventory obsolescence	662	403	64.4%	1,272	(95)	1439.3%
Impairment in value of investments	-	-	-	-	-	-
Foreign exchange (gain)/ loss -realised	165	233	-29.0%	392	166	136.4%
Foreign exchange (gain)/ loss -unrealised	(158)	90	-275.5%	(474)	294	-261.2%
Adjustments for (over)/ under provision of tax in respect of prior years	37	10	273.3%	81	70	16.2%
(Gain)/Loss on disposal of property, plant and equipment	(10)	(12)	-16.7%	(11)	(206)	-94.7%
Property, plant and equipment written off	228	20	1040.0%	655	31	2012.9%
Gain on dilution of interest in an associate	-	-	-	-	(244)	N.M.
Negative goodwill arising from acquisition	(268)	-	N.M.	(13,825)	-	N.M.
Impairment of goodwill in subsidiaries	3,399	-	N.M.	3,399	-	N.M.
Other losses						
- Impairment loss on machineries and equipments	1,242	-	N.M.	1,242	-	N.M.
- Inventories written down	695	-	N.M.	695	-	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	
	31/12/09 \$'000	31/12/08 \$'000	31/12/09 \$'000	31/12/08 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	82,861	53,684	-	-
Investments in subsidiaries	-	-	73,068	51,297
Financial asset, available-for-sale	6,400	6,400	6,400	6,400
Goodwill arising on consolidation	10,358	13,757	-	-
Deferred income tax assets	1,673	1,176	-	-
	<u>101,292</u>	<u>75,017</u>	<u>79,468</u>	<u>57,697</u>
CURRENT ASSETS				
Inventories	55,513	45,976	-	-
Trade receivables	54,167	41,551	-	-
Receivable from subsidiaries	-	-	4,384	2,540
Dividends receivable from subsidiaries	-	-	3,878	7,143
Other receivables	3,141	3,968	13	741
Tax recoverable	273	593	-	-
Cash and cash equivalents	61,208	45,785	3,491	7,609
	<u>174,302</u>	<u>137,873</u>	<u>11,766</u>	<u>18,033</u>
Assets classified as held for sale	3,131	-	-	-
	<u>177,433</u>	<u>137,873</u>	<u>11,766</u>	<u>18,033</u>
Total assets	<u>278,725</u>	<u>212,890</u>	<u>91,234</u>	<u>75,730</u>
CURRENT LIABILITIES				
Trade payables	34,182	19,943	-	-
Other payables	14,426	11,142	248	641
Borrowings	19,490	76	-	-
Taxation	524	93	3	10
	<u>68,622</u>	<u>31,254</u>	<u>251</u>	<u>651</u>
NON CURRENT LIABILITIES				
Borrowings	12,805	134	-	-
Deferred income tax liabilities	2,010	1,805	-	-
	<u>14,815</u>	<u>1,939</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>83,437</u>	<u>33,193</u>	<u>251</u>	<u>651</u>
NET ASSETS	<u>195,288</u>	<u>179,697</u>	<u>90,983</u>	<u>75,079</u>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	90,552	76,615	90,552	76,615
Foreign currency translation reserve	5,856	7,844	-	-
Capital reserve	2,345	2,345	-	-
Statutory reserve fund	156	-	-	-
Share option reserve	276	14	276	14
Retained profits / (Accumulated losses)	96,103	92,879	155	(1,550)
	<u>104,736</u>	<u>103,082</u>	<u>431</u>	<u>(1,536)</u>
TOTAL EQUITY	<u>195,288</u>	<u>179,697</u>	<u>90,983</u>	<u>75,079</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 31/12/09	
Secured	Unsecured
\$'000	\$'000
1,482	18,008

As at 31/12/08	
Secured	Unsecured
\$'000	\$'000
76	-

Amount repayable after one year

As at 31/12/09	
Secured	Unsecured
\$'000	\$'000
12,673	132

As at 31/12/08	
Secured	Unsecured
\$'000	\$'000
134	-

Details of any collateral

The secured borrowings of the Group as at 31 December 2009 comprise building loans and finance lease liabilities and are secured by certain leasehold properties, equipment and motor vehicles of the Group.

The secured borrowings of the Group as at 31 December 2008 comprised finance lease liabilities and were secured on equipment and motor vehicles.

One of the newly acquired subsidiary is required to comply with certain financial covenants in respect of certain bank borrowings. This subsidiary has complied with all the financial covenants except for one, which waiver has been obtained from the lender for the non-compliance. This subsidiary is required to obtain waiver at each reporting of the quarterly and full year results, if the financial covenants are breach.

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
	31/12/09	31/12/08	31/12/09	31/12/08
	\$ '000	\$ '000	\$ '000	\$ '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Total (loss)/profit	(3,409)	1,310	9,230	14,685
Adjustments for:				
Income tax expense	398	502	844	4,244
Exchange differences	(90)	206	15	483
Employee share option expense	76	14	262	14
Depreciation of property, plant and equipment	3,157	2,163	11,168	8,389
Gain on disposal of property, plant and equipment, net	(10)	(12)	(11)	(206)
Property, plant and equipment written off	228	20	655	31
Interest income	(233)	(436)	(803)	(1,403)
Interest expense	357	4	769	31
Share of result of associated companies	-	-	-	45
Gain on dilution of interest in an associate	-	-	-	(244)
Negative goodwill arising from acquisition	(268)	-	(13,825)	-
Impairment of goodwill in subsidiaries	3,399	-	3,399	-
Other losses				
- Impairment loss on machineries and equipments	1,242	-	1,242	-
- Inventories written down	695	-	695	-
Operating cash flow before working capital changes	5,542	3,771	13,640	26,069
Changes in operating assets and liabilities :				
Inventories	(2,985)	976	3,957	4,440
Receivables	(9,473)	6,890	(1,834)	3,966
Payables	8,499	(8,684)	6,392	(14,403)
Cash flows generated from operations	1,583	2,953	22,155	20,072
Tax paid	(242)	(712)	(1,517)	(5,157)
Tax refunded	7	-	390	-
Interest paid	(357)	(4)	(769)	(31)
NET CASH GENERATED FROM OPERATING ACTIVITIES	991	2,237	20,259	14,884
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	233	436	803	1,403
Purchase of property, plant and equipment (Note 1)	(1,558)	(1,994)	(4,867)	(5,699)
Proceeds from disposal of property, plant and equipment	9	17	83	419
Acquisition of a subsidiary, net of cash acquired (Note 2)	-	-	3,380	-
NET CASH USED IN INVESTING ACTIVITIES	(1,316)	(1,541)	(601)	(3,877)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of finance lease liabilities	(2,909)	(83)	(3,898)	(444)
Repayment of short term borrowings	(9,031)	(242)	(19,065)	(2,270)
Repayment of term loans	(991)	-	(1,488)	-
Proceeds from short term borrowings	12,579	-	22,450	2,019
Proceeds from term loans	500	-	4,127	-
Dividend paid to shareholders	-	-	(5,850)	(6,917)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	148	(325)	(3,724)	(7,612)
Net (decrease)/increase in cash and cash equivalents	(177)	371	15,934	3,395
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD / YEAR	62,109	46,099	45,785	44,022
Effect of exchange rate changes on cash and cash equivalents	(724)	(685)	(511)	(1,632)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	61,208	45,785	61,208	45,785

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	
	31/12/09	31/12/08	31/12/09	31/12/08
	\$ '000	\$ '000	\$ '000	\$ '000
Cash and cash equivalents at end of the financial period comprise:				
Short term funds placed with a Malaysian financial institution	5,269	6,049	5,269	6,049
Deposits with licensed banks	7,415	12,358	7,415	12,358
Cash and bank balances	48,524	27,378	48,524	27,378
Bank overdrafts	-	-	-	-
	<u>61,208</u>	<u>45,785</u>	<u>61,208</u>	<u>45,785</u>

Note 1 :

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$5,333,000 (31.12.2008: \$8,147,000) of which \$53,000 (31.12.2008: \$148,000) was acquired by means of finance lease arrangement and \$413,000 (31.12.2008: \$2,300,000) included in other payables at balance sheet date. Cash payments of \$4,867,000 (31.12.2008: \$5,699,000) were made to purchase these property, plant and equipment.

Note 2 :

On 15 May 2009, the Company acquired 100% of the issued share capital of ETLA Limited ("ETLA"). Upon acquisition, ETLA became a wholly owned subsidiary of the Group.

The fair values of the identifiable assets and liabilities of ETLA Limited and its subsidiaries at the date of acquisition were as follows:

	\$ '000
Property, plant and equipment	41,111
Inventories	14,600
Trade and other receivables	10,487
Tax recoverable	7
Cash and cash equivalents	6,225
Trade and other payables	(11,842)
Bank borrowings	(29,216)
Deferred income tax liabilities	(765)
Identifiable net assets acquired	<u>30,607</u>
Negative goodwill arising from consolidation taken to income statements	<u>(13,825)</u>
Cost of business combination	<u>16,782</u>

Total cost of business combination is as follows:-

Consideration for acquisition:	
Issuance of 71,471,067 ordinary shares at \$0.195 each	13,937
Directly attributable professional fees	2,845
	<u>16,782</u>

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

Professional fees settled in cash	2,845
Less : Cash and cash equivalents in subsidiary acquired	(6,225)
Net cash inflow on acquisition	<u>(3,380)</u>

1(d) Consolidated statement of comprehensive income

	3 months ended		12 months ended	
	31/12/09	31/12/08	31/12/09	31/12/08
	\$ '000	\$ '000	\$ '000	\$ '000
Statement of Comprehensive Income				
Net profit attributable to equity holders	(3,409)	1,310	9,230	14,685
Other comprehensive income for the period/year :				
Currency translation differences	(2,855)	(2,731)	(1,988)	(6,399)
Total comprehensive income for the period/year attributable to equity holders	<u>(6,264)</u>	<u>(1,421)</u>	<u>7,242</u>	<u>8,286</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 2009 and 31 December 2008

	Attributable to equity holders of the Company					Total Equity	
	Share Capital \$ '000	Foreign Currency Translation Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Retained Profits \$ '000	\$ '000
The Group							
At 1 October 2009	90,552	8,711	2,345	-	200	99,668	201,476
Total comprehensive income for the quarter	-	(2,855)	-	-	-	(3,409)	(6,264)
Transfer to statutory reserve fund	-	-	-	156	-	(156)	-
Employee share option scheme - value of employees services	-	-	-	-	76	-	76
At 31 December 2009	<u>90,552</u>	<u>5,856</u>	<u>2,345</u>	<u>156</u>	<u>276</u>	<u>96,103</u>	<u>195,288</u>
At 1 October 2008	76,615	10,575	2,345	-	-	91,569	181,104
Total comprehensive income for the quarter	-	(2,731)	-	-	-	1,310	(1,421)
Employee share option scheme - value of employees services	-	-	-	-	14	-	14
At 31 December 2008	<u>76,615</u>	<u>7,844</u>	<u>2,345</u>	<u>-</u>	<u>14</u>	<u>92,879</u>	<u>179,697</u>
	Attributable to equity holders of the Company					Total Equity	
	Share Capital \$ '000	Foreign Currency Translation Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Retained Profits/ (Accumulated Losses) \$ '000	\$ '000
The Company							
At 1 October 2009	90,552	-	-	-	200	(3,717)	87,035
Total comprehensive income for the quarter	-	-	-	-	-	3,872	3,872
Employee share option scheme - value of employees services	-	-	-	-	76	-	76
At 31 December 2009	<u>90,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276</u>	<u>155</u>	<u>90,983</u>
At 1 October 2008	76,615	-	-	-	-	(7,585)	69,030
Total comprehensive income for the quarter	-	-	-	-	-	6,035	6,035
Employee share option scheme - value of employees services	-	-	-	-	14	-	14
At 31 December 2008	<u>76,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>(1,550)</u>	<u>75,079</u>

(b) Statement of changes in equity for the twelve months ended 31 December 2009 and 31 December 2008

	Attributable to equity holders of the Company						Total Equity
	Share Capital \$ '000	Foreign Currency Translation Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Retained Profits \$ '000	\$ '000
The Group							
At 1 January 2009	76,615	7,844	2,345	-	14	92,879	179,697
Total comprehensive income for the financial year	-	(1,988)	-	-	-	9,230	7,242
Transfer to statutory reserve fund	-	-	-	156	-	(156)	-
Employee share option scheme - value of employees services	-	-	-	-	262	-	262
Issue of share capital	13,937	-	-	-	-	-	13,937
Dividend paid	-	-	-	-	-	(5,850)	(5,850)
At 31 December 2009	<u>90,552</u>	<u>5,856</u>	<u>2,345</u>	<u>156</u>	<u>276</u>	<u>96,103</u>	<u>195,288</u>
At 1 January 2008	76,615	14,243	2,345	-	-	85,111	178,314
Total comprehensive income for the financial year	-	(6,399)	-	-	-	14,685	8,286
Employee share option scheme - value of employees services	-	-	-	-	14	-	14
Dividend paid	-	-	-	-	-	(6,917)	(6,917)
At 31 December 2008	<u>76,615</u>	<u>7,844</u>	<u>2,345</u>	<u>-</u>	<u>14</u>	<u>92,879</u>	<u>179,697</u>
	Attributable to equity holders of the Company						Total Equity
	Share Capital \$ '000	Foreign Currency Translation Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Retained Profits/ Accumulated Losses \$ '000	\$ '000
The Company							
At 1 January 2009	76,615	-	-	-	14	(1,550)	75,079
Total comprehensive income for the financial year	-	-	-	-	-	7,555	7,555
Employee share option scheme - value of employees services	-	-	-	-	262	-	262
Issue of share capital	13,937	-	-	-	-	-	13,937
Dividend paid	-	-	-	-	-	(5,850)	(5,850)
At 31 December 2009	<u>90,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276</u>	<u>155</u>	<u>90,983</u>
At 1 January 2008	76,615	-	-	-	-	(704)	75,911
Total comprehensive income for the financial year	-	-	-	-	-	6,071	6,071
Employee share option scheme - value of employees services	-	-	-	-	14	-	14
Dividend paid	-	-	-	-	-	(6,917)	(6,917)
At 31 December 2008	<u>76,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>(1,550)</u>	<u>75,079</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

There were no changes in the Company's share capital for the forth quarter ended 31 December 2009.

Share options

On 1 December 2009, the Company granted 8,880,000 options pursuant to Frencken Group Limited's Employee Share Option Scheme at exercise price of \$0.168 per share ("2009 Options"). The 2009 Options are exercisable from 1 December 2011 and expire on 30 November 2019. As at 31 December 2009, the number of share options of the Company outstanding was 17,560,000 (31 December 2008 : 8,960,000).

The movement of share options of the Company during the period from 1 October 2009 to 31 December 2009 is as follows:

Date of grant	Number of ordinary shares under option				Exercise price	Exercise period
	As at 1.10.2009	Granted during the period	Forfeited during the period	As at 31.12.2009		
1.12.2008 (2008 Option)	8,960,000	-	(280,000)	8,680,000	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	-	8,880,000	-	8,880,000	\$0.168	1.12.2011 - 30.11.2019
	8,960,000	8,880,000	(280,000)	17,560,000		

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.

	Total number of issued shares as at	
	31/12/09	31/12/08
Number of issued shares	376,184,325	304,713,258
Number of treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>376,184,325</u>	<u>304,713,258</u>

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 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 2009.

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 12 months ended	
	31/12/09	31/12/08	31/12/09	31/12/08
Earnings per ordinary share of the Group based on net (loss)/profit attributable to the shareholders of the Company:				
(i) Based on weighted average number of shares (in cents)	(0.91)	0.43	2.64	4.82
- Weighted average number of shares (in thousand)	376,184	304,713	349,162	304,713
(ii) On a fully diluted basis (in cents)	(0.91)	0.43	2.64	4.75
- Adjusted weighted average number of shares (in thousand)	377,496	306,211	348,696	308,891

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

Diluted earnings per share

There is no diluted earnings per share for the quarter and twelve months ended 31 December 2009 as there is 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	
	31/12/09	31/12/08	31/12/09	31/12/08
Net asset value per ordinary share based on issued share capital at the end of financial year (cents)	51.91	58.97	24.19	24.64

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 31.12.2009 of 376,184,325 (31.12.2008 : 304,713,258).

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.

Key corporate development

In May 2009, the Group completed the acquisition of a 100% interest in ETLA Limited (ETLA) by way of a scheme of arrangement under section 210 of the Singapore Companies Act. ETLA now operates as the Asian sub-division of the Group's Mechatronics Division and its financial performance from 1 June 2009 has been consolidated in the Group's financial statements for the 12 months ended 31 December 2009 (FY2009).

Income Statement

Group Revenue

	1Q	2Q	3Q	4Q	q-o-q	Full Year
FY2009 (S\$ m)	38.8	40.8	58.6	68.7	17.1%	206.9
FY2008 (S\$ m)	61.7	58.4	58.2	48.7	(16.2%)	227.0
y-o-y	-37.2%	-30.1%	0.9%	41.1%	-	-8.8%

Group revenue declined 8.8% to S\$206.9 million in FY2009, from S\$227.0 million in FY2008. This was due mainly to the impact of substantially weaker market conditions in the global technology sector, which was partially cushioned by a 7-month revenue contribution of S\$44.4 million from ETLA.

For the three months ended 31 December 2009 (4Q09), Group revenue increased 41.1% year-on-year (yoy) to S\$68.7 million from S\$48.7 million in 4Q08. This is primarily attributable to the three-month revenue contribution of S\$22.3 million from ETLA in 4Q09.

On a sequential basis, the Group's revenue in 4Q09 benefited from a broad-based recovery across its various business segments to register an increase of 17.1% quarter-on-quarter (qoq), compared to S\$58.6 million in 3Q09.

Revenue breakdown by Division

	FY2009		FY2008		y-o-y
	S\$ m	%	S\$ m	%	%
Mechatronics	156.0	75.4	157.4	69.3	(0.8)
EMS	50.9	24.6	69.6	30.7	(26.9)
Total	206.9	100.0	227.0	100.0	(8.8)

Revenue at the Mechatronics Division declined a marginal 0.8% to S\$156.0 million in FY2009 in spite of slower market conditions during the year. This was due mainly to the 7-month revenue contribution of S\$44.4 million from ETLA.

As a result of the acquisition of ETLA, the Mechatronics Division's share of Group revenue expanded to 75.4% in FY2009, compared to its revenue contribution of 69.3% in FY2008.

At the EMS Division, revenue decreased 26.9% to S\$50.9 million in FY2009 due to soft demand conditions in customers' end-user markets. It accounted for 24.6% of Group revenue.

Compared to 3Q09 however, both the Mechatronics and EMS Divisions showed revenue growth of 16.9% and 18.1% respectively in 4Q09, reflecting the nascent business recovery in the global technology sector.

Mechatronics Division

Revenue breakdown by Business Segment

	4Q09	4Q08	y-o-y	3Q09	q-o-q	FY2009	FY2008	y-o-y
	S\$ m	S\$ m	%	S\$ m	%	S\$ m	S\$ m	%
Semiconductor	10.1	3.6	181.6	7.8	29.6	23.8	29.0	(18.0)
Medical	16.0	16.4	(2.6)	14.4	11.0	53.9	67.8	(20.6)
Analytical	11.0	11.0	0.3	10.0	9.5	37.9	47.2	(19.6)
Industrial Automation	10.1	0.0	N.M.	8.7	15.5	22.0	0.0	N.M.
Others	6.5	3.3	95.7	5.0	31.2	18.4	13.4	38.2
Total	53.7	34.3	56.6	45.9	16.9	156.0	157.4	(0.8)

The Mechatronics Division mainly serves global original equipment manufacturers in the high technology capital equipment sector, which was badly affected by the severe business downturn in 2009. Consequently, revenue of the division's main business segments declined in FY2009.

Revenue at the semiconductor business segment decreased 18.0% to S\$23.8 million in FY2009 due to the impact of a severe and prolonged cyclical downturn in the semiconductor equipment market. During the second half of the year, the performance of this business segment began to improve as a gradual recovery in the sector led to increasing order flows from existing customers in Europe as well as higher sales contribution from ETLA's semiconductor business. As a result, the semiconductor business segment recorded its third consecutive quarter of sales growth in 4Q09 to S\$10.1 million, up 29.6% qoq from S\$7.8 million in 3Q09.

Sales at the medical business segment in FY2009 were down 20.6% yoy to S\$53.9 million due partly to the end-of-life of an existing product for a key customer. Nonetheless, the medical business segment accounted for the largest share of the Mechatronics Division's revenue in FY2009 with a contribution of 34.5%.

The analytical business segment contributed 24.3% to the division's revenue in FY2009 with sales of S\$37.9 million. This was a decrease of 19.6% from S\$47.2 million in FY2008, due mainly to depressed market conditions.

The Mechatronics Division recorded a 38.2% increase in sales to S\$18.4 million to customers in other business segments during FY2009. In 4Q09, revenue from other business segments was S\$6.5 million, registering increases of 95.7% yoy from S\$3.3 million in 4Q08 and 31.2% qoq from S\$5.0 million in 3Q09, due mainly to sales contribution from ETLA.

The new Industrial Automation business segment, resulting from the acquisition of ETLA, recorded a 7-month revenue contribution of S\$22.0 million in FY2009 from sales of data storage and pharmaceutical packaging equipment.

EMS Division

Revenue breakdown by Business Segment

	4Q09	4Q08	y-o-y	3Q09	q-o-q	FY2009	FY2008	y-o-y
	S\$ m	S\$ m	%	S\$ m	%	S\$ m	S\$ m	%
Keypad / Telco	3.7	5.1	(26.4)	4.4	(16.4)	16.1	28.1	(42.8)
Office Automation	4.7	3.9	19.5	3.5	35.5	15.4	15.9	(2.6)
Automotive	4.8	2.3	104.2	4.1	15.3	14.6	13.5	7.5
Others	1.8	3.1	(40.5)	0.7	176.4	4.8	12.1	(60.2)
Total	15.0	14.4	4.3	12.7	18.1	50.9	69.6	(26.9)

Revenue of the three main business segments at the EMS Division was adversely affected by substantially weaker end-user market conditions, especially in the first half of FY2009.

Sales of the automotive business segment increased 7.5% to S\$14.6 million in FY2009 but this was significantly below original projections due to the weak global car market. However, sales in 4Q09 showed a second consecutive quarter of improvement with growth of 15.3% qoq to S\$4.8 million on the back of recovering orders from existing customers.

The office automation business segment recorded a marginal decline in sales to S\$15.4 million in FY2009 due to continued delays in the commercial production of new industrialisation projects for a major customer. An improvement in order flows from this customer towards the end of the year lifted sales for this business segment to S\$4.7 million in 4Q09. This translated into increases of 19.5% yoy and 35.5% qoq from S\$3.9 million in 4Q08 and S\$3.5 million in 3Q09 respectively.

Due to high volatility and shorter visibility of its keypad business segment caused by more intense competition in the global handset market during 2009, the Group made a decision to progressively scale down its keypad production capacity during the year. Consequently, sales of the keypad/telco business segment decreased 42.8% to S\$16.1 million in FY2009.

Gross Profit

Group gross profit (GP) decreased 42.0% to S\$18.3 million in FY2009, compared to the 8.8% decline in Group revenue. Consequently, GP margin softened to 8.9% from 13.9% in FY2008. The GP margins of both the Mechatronics and EMS Divisions contracted in FY2009 due mainly to higher absorption of fixed overhead costs arising from lower capacity utilization, pricing pressure for certain product segments and variations in the divisions' respective sales mix.

Other Gains

Other gains rose 56.5% to S\$2.6 million in FY2009, compared to S\$1.7 million in FY2008, due mainly to an increase in grants provided by the government of The Netherlands and the Job Credit Scheme in Singapore.

Operating expenses

Selling and distribution expenses increased 7.5% to S\$5.0 million in FY2009, from S\$4.7 million in FY2008. This was mainly attributable to the inclusion of S\$0.8 million in selling and distribution costs from ETLA and a provision for doubtful debt of S\$0.4 million arising from the uncertainty over the successful enforcement of the judgement obtained against Unitech Tokyo Ltd, which offset decreases in transport and forwarding charges, sales commissions and other marketing and promotion expenses.

Administrative and general expenses increased 30.9% to S\$13.1 million in FY2009, from S\$10.0 million in FY2008, mainly due to additional administrative and general costs of S\$4.6 million from ETLA during the period under review.

The Group also incurred higher other operating expenses of S\$1.3 million in FY2009, compared to S\$1.0 million in FY2008. This arose mainly from one-time costs related to the consolidation of its mechatronics operations to a single location in Malaysia, which necessitated the write-off of installation and renovation costs at the mechatronics facilities in Penang, as well as relocation costs for the transfer of machinery to the new plant in Bangi.

Interest Income and Finance Costs

Interest income decreased to S\$0.8 million in FY2009, from S\$1.4 million in FY2008, primarily due to lower interest rates during the period. The Group also incurred higher finance costs of S\$0.8 million, mainly due to the inclusion of interest charges on borrowings of ETLA during the period under review.

On 20 January 2010, the Group announced the proposed sale of assets related to the keypad business (Announcement No. 114 dated 20 January 2010). Accordingly, these assets, comprising machinery, equipment and inventories, were written down to their net market value and re-classified as "Assets Held for Sale" which necessitated an asset write-down of S\$1.9 million in 4Q09. The Group also recognised an impairment of goodwill of S\$3.4 million for certain subsidiaries in the EMS Division. The asset write-down and impairment of goodwill, which total S\$5.3 million, are non-cash items and hence, have no impact on the Group's cash flow.

Taxation

The Group had lower income tax expense of S\$0.8 million in FY2009, compared to S\$4.2 million in FY2008, due mainly to the lower taxable profits of its subsidiaries in The Netherlands.

Group Net Profit

As a result of the above factors, the Group reported a net profit of S\$9.2 million in FY2009, inclusive of a net exceptional gain of S\$8.5 million. The exceptional items comprise of a one-time negative goodwill of S\$13.8 million arising from the acquisition of ETLA, impairment of goodwill of S\$3.4 million and assets write down of S\$1.9 million.

Excluding these exceptional items, the Group recorded a net profit of S\$0.7 million, compared to S\$14.7 million in FY2008.

Balance Sheet

The Group remained in a net cash position as at 31 December 2009, with higher cash and cash equivalents of S\$61.2 million, compared to S\$45.8 million as at 31 December 2008. Shareholders' equity also improved to S\$195.3 million compared to S\$179.7 million at the end of FY2008 due to the acquisition and consolidation of ETLA in May 2009.

Total assets increased to S\$278.7 million as at 31 December 2009, from S\$212.9 million as at 31 December 2008 mainly due to increases in property, plant and equipment (PPE), inventories, trade receivables and cash and cash equivalents.

As at 31 December 2009, the Group's PPE was S\$82.9 million, an increase of S\$29.2 million over S\$53.7 million at 31 December 2008. This was due to the consolidation of PPE from ETLA and additional PPE purchased during FY2009. The increase in PPE was partially offset by additional depreciation expenses of PPE from ETLA and the reclassification of assets related to the Group's keypad product segment as "Assets Held for Sale" at the end of FY2009.

Inventories increased to S\$55.5 million, compared to S\$46.0 at the end of FY2008. The increase was mainly attributable to the inclusion of ETLA's inventories. If ETLA's inventories of S\$17.9 million are excluded, the Group's inventories would have declined by S\$8.4 million, which is in line with lower sales of the Mechatronics business in Europe.

Trade receivables as at 31 December 2009 increased to S\$54.2 million, from S\$41.6 million at the end of FY2008, due mainly to the inclusion of ETLA's trade receivables. If ETLA's trade receivables of S\$19.6 million are excluded, trade receivables would have shown a decline of S\$7.0 million in line with lower sales.

As at 31 December 2009, total borrowings increased to S\$32.3 million, from S\$0.2 million at the end of FY2008, due primarily to the inclusion of borrowings of S\$31.5 million from ETLA. Nonetheless, the Group maintained net cash of S\$28.9 million at the end of FY2009.

Trade payables increased to S\$34.2 million, from S\$19.9 million as at 31 December 2008, owing primarily to the inclusion of ETLA's outstanding payables of S\$12.7 million. Excluding ETLA, trade payables would have increased slightly by S\$1.6 million due to an increase in purchases of raw materials.

The Group's share capital increased by S\$13.9 million to S\$90.5 million, from S\$76.6 million at the end of FY2008, due to the issue of 71,471,067 new shares at S\$0.195 per share as consideration for the acquisition of ETLA.

Cash Flow Analysis

The Group generated higher net cash flow from operating activities of S\$20.3 million in FY2009, compared to S\$14.9 million in FY2008.

Net cash used in investing activities in FY2009 was S\$0.6 million, due mainly to capital expenditure in PPE of S\$4.9 million which was partly offset by cash inflow totaling S\$4.3 million from the acquisition of ETLA, interest received, and proceeds from disposal of PPE. Net cash used in financing activities amounted to S\$3.7 million, due to dividend payment of S\$5.9 million with respect to FY2008, which was offset by net borrowings of S\$2.2 million.

As a result of the above, the Group ended the period with a net gain in cash and cash equivalents of S\$15.9 million. When added to its opening cash and cash equivalents of S\$45.8 million and accounting for the negative effect of the restatement of the opening cash denominated in foreign currencies of S\$0.5 million, the ending cash balance of the Group increased to S\$61.2 million.

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 4Q09 are in line with the guidance provided in its announcement on the SGXNet on 20 January 2010.

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 recovery in end-user demand for high technology capital and consumer equipment towards the end of 2009 is leading to a general improvement in business sentiment for original equipment manufacturers, which are the main customers of the Group.

While uncertainty remains over the pace and strength of the global economic recovery, the overall outlook for the technology industry has become more positive for 2010.

Backed by its strong technical and integrated service offerings in addition to its sound financial position, the Group is well positioned to capitalize on the industry's positive prospects.

Mechatronics Division

The Group's acquisition of ETLA in May 2009 has substantially increased the production capabilities and capacity of the Mechatronics Division through the addition of competitive manufacturing bases in Singapore, Malaysia and China. The close proximity of these facilities to strategic markets in Asia also places the division in a strong position to participate in the growth of the region's capital equipment markets.

As part of its strategy in Asia, the Group has consolidated its mechatronics production facilities in Malaysia at a new plant in Bangi, Selangor in 3Q09 to enhance cost and operational efficiencies. In addition, the Group is planning to expand the manufacturing capacity of its mechatronics facility in Wuxi to capitalize on the rapidly growing market for capital equipment in China. The expanded facility in Wuxi is currently scheduled for completion in 1Q11.

As a result of the enlarged operations of the Mechatronics Division, the Group is witnessing increased interest from existing and potential customers to explore business opportunities.

The Mechatronics Division is also benefiting from the recovery of the global capital equipment market, with an increase in orders from customers at both its Europe and Asia operations. As a result of this, the Group expects the Mechatronics Division to show an improvement in its performance for FY2010, barring any unforeseen circumstances.

EMS Division

On 20 January 2010, the Group announced the proposed sale of assets related to the keypad product segment of its EMS Division (Announcement No. 114 dated 20 January 2010). The decision to cease production of the keypad segment was made in view of the increasingly challenging operating environment in the global keypad market.

The Group believes this is a strategic move that will enable the EMS Division to fully focus its operations and resources on products with higher-value and longer life cycles in the niche office automation and automotive business segments, which is in line with the division's long term strategy to build a more stable revenue base.

Accordingly, the EMS Division plans to execute the following strategic initiatives:

- Integration of its plastics and electronics assembly operations into a single EMS company to improve overall efficiency and reduce operating costs;
- Pursue opportunities in emerging and growth markets to expand the geographical footprint of its automotive business.

While the Group currently does not expect the potential sales from the office automation and automotive business segments to fully offset the loss of sales from the keypad segment in FY2010, the EMS Division continues to make good progress in securing new projects for office automation and automotive products. These new projects are scheduled to be progressively launched from FY2010 onwards and are expected to provide a stable and growing revenue base for the division in subsequent years.

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 dividend in respect of the financial year ended 31 December 2009 of 0.74 cents per ordinary share for approval by shareholders at the forthcoming Annual General Meeting to be convened on 23 April 2010.

Name of Dividend	Ordinary Tax Exempt
Dividend Type	Cash
Dividend amount per share (in cents)	0.74 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 dividend in respect of the financial year ended 31 December 2008 of 1.92 cents per ordinary share which was approved by shareholders at the Annual General Meeting convened on 8 April 2009.

Name of Dividend	Ordinary Tax Exempt
Dividend Type	Cash
Dividend amount per share (in cents)	1.92 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 14 May 2010.

(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 Tuesday, 4 May 2010 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.), 8 Cross Street, #11-00 PWC Building, Singapore 048424, up to the close of business at 5.00 p.m. on Monday, 3 May 2010 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

FY2009

Turnover	Electronics				Total \$'000
	Mechatronics \$'000	Manufacturing Services \$'000	Investment Holding \$'000	Eliminations \$'000	
External revenue	156,031	50,872	20	-	206,923
Inter-segment sales	1	36	588	(625)	-
	<u>156,032</u>	<u>50,908</u>	<u>608</u>	<u>(625)</u>	<u>206,923</u>
Segment results	<u>5,679</u>	<u>(4,009)</u>	<u>(119)</u>	<u>-</u>	<u>1,551</u>
Interest income	548	31	224	-	803
Finance costs	(754)	(15)	-	-	(769)
Profit before income tax and exceptional items					1,585
Negative goodwill	13,825	-	-	-	13,825
Impairment of goodwill in subsidiaries	-	(3,399)	-	-	(3,399)
Other losses					
- Impairment loss on machineries and equipments	-	(1,242)	-	-	(1,242)
- Inventories written down	-	(695)	-	-	(695)
Profit before income tax					10,074
Income tax expense	(479)	(320)	(45)	-	(844)
Total profit					<u>9,230</u>
Segment assets	<u>199,155</u>	<u>60,975</u>	<u>18,595</u>	<u>-</u>	<u>278,725</u>
Segment liabilities	<u>67,337</u>	<u>15,770</u>	<u>330</u>	<u>-</u>	<u>83,437</u>
Other segment information:					
Capital expenditure	3,477	1,852	4	-	5,333
Depreciation of property, plant and equipment	7,082	4,079	7	-	11,168
Impairment of goodwill in subsidiaries	-	3,399	-	-	3,399
Other losses					
- Impairment loss on machineries and equipments	-	1,242	-	-	1,242
- Inventories written down	-	695	-	-	695
Other non-cash expenses	608	285	24	-	917

FY2008

Turnover	Electronics				Total \$'000
	Mechatronics \$'000	Manufacturing Services \$'000	Investment Holding \$'000	Eliminations \$'000	
External revenue	157,342	69,596	13	-	226,951
Inter-segment sales	27	23	641	(691)	-
	<u>157,369</u>	<u>69,619</u>	<u>654</u>	<u>(691)</u>	<u>226,951</u>
Segment results	<u>15,988</u>	<u>1,636</u>	<u>(22)</u>	<u>-</u>	<u>17,602</u>
Interest income	943	60	400	-	1,403
Finance costs	(1)	(30)	-	-	(31)
Share of result of an associated company	-	-	(45)	-	(45)
Profit before income tax					18,929
Income tax expense	(4,523)	311	(32)	-	(4,244)
Total profit					<u>14,685</u>
Segment assets	<u>118,074</u>	<u>70,148</u>	<u>24,668</u>	<u>-</u>	<u>212,890</u>
Segment liabilities	<u>19,372</u>	<u>13,076</u>	<u>745</u>	<u>-</u>	<u>33,193</u>
Other segment information:					
Capital expenditure	5,002	3,145	-	-	8,147
Depreciation of property, plant and equipment	4,283	4,096	10	-	8,389
Other non-cash expenses	12	32	46	-	90

13 (b) Segmented revenue and results for geographical segments**FY2009**

Turnover	Asia \$'000	Europe \$'000	Others \$'000	Eliminations \$'000	Total \$'000
External revenue	69,607	132,432	7,534	(2,650)	206,923
Total assets	166,622	112,103	-	-	278,725
Capital expenditure	4,253	1,080	-	-	5,333

FY2008

Turnover	Asia \$'000	Europe \$'000	Others \$'000	Eliminations \$'000	Total \$'000
External revenue	41,803	183,939	7,049	(5,840)	226,951
Total assets	99,917	112,973	-	-	212,890
Capital expenditure	3,890	4,257	-	-	8,147

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.

	31/12/09 \$'000	31/12/08 \$'000	% increase/ (decrease)
Sales reported for first half year	79,556	120,093	-33.8%
Operating profit after tax before deducting minority interests reported for first half year	13,476	8,440	59.7%
Sales reported for second half year	127,367	106,858	19.2%
Operating (loss)/profit after tax before deducting minority interests reported for second half year	(4,246)	6,245	-168.0%

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 2009 \$'000	Previous Full 2008 \$'000
Ordinary Dividend	2,784	5,850
Preference Dividend	-	-
Total	2,784	5,850

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)	
	31/12/09	31/12/08
	Not applicable	-

BY ORDER OF THE BOARD

Gooi Soon Hock
Executive Director
25-Feb-10