



**FRENCKEN GROUP LIMITED**

(Registration No. 199905084D)

**Unaudited First Quarter 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		
	31/03/15 \$'000	31/03/14 \$'000	% Change
Revenue	111,681	110,904	0.7%
Cost of sales	(96,888)	(93,589)	3.5%
Gross profit	14,793	17,315	-14.6%
Other income (Note 1)	2,189	1,899	15.3%
Selling and distribution expenses	(3,175)	(3,161)	0.4%
Administrative and general expenses	(10,171)	(9,693)	4.9%
Other operating expenses (Note 1)	(1,598)	(852)	87.6%
Interest income	43	83	-48.2%
Finance costs	(392)	(407)	-3.7%
Profit before income tax	1,689	5,184	-67.4%
Income tax expense	(1,245)	(1,336)	-6.8%
Profit for the year	444	3,848	-88.5%
Profit attributable to:			
Equity holders of the Company	439	3,802	-88.5%
Non-controlling interests	5	46	-89.1%
	444	3,848	-88.5%

Note 1 - Other income/(Other operating expenses)

Other Income	2,189	1,899	15.3%
Other Operating Expenses	(1,598)	(852)	87.6%
	591	1,047	-43.6%

Included in Other income/(Other operating expenses):

Gain/(loss) on disposal of property, plant and equipment, net	216	19	1036.8%
Property, plant and equipment written off	(48)	(3)	1724.9%
Government grants	416	339	23.0%
Foreign exchange (loss)/gain, net	(557)	(17)	3176.5%
Amortisation of deferred gain	265	266	-0.4%
Scrap sales	134	180	-25.5%
Other income	166	265	-37.4%
Other expenses	(1)	(1)	-3.0%
	591	1,047	-43.6%

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		
	3 months ended		
	31/03/15	31/03/14	%
	\$'000	\$'000	Change
<b>Profit for the period is arrived at after charging/(crediting) :-</b>			
Other income including interest income	(2,232)	(1,982)	13%
Amortisation of deferred gain	(265)	(266)	0%
Interest on borrowings	392	407	-4%
Depreciation of property, plant and equipment	4,918	4,777	3%
Amortisation of intangible assets	617	465	33%
Allowance/(write-back) for doubtful debts and bad debts written off	4	(88)	N.M.
Allowance/(write back) for inventory obsolescence	26	(250)	N.M.
Foreign exchange (gain)/ loss, net	557	17	3176%
Adjustments for (over)/ under provision of tax in respect of prior years	35	-	N.M.
(Gain)/Loss on disposal of property, plant and equipment, net	(216)	(19)	1037%
Property, plant and equipment written off	48	3	1500%

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	
	31/03/15 \$'000	31/12/14 \$'000	31/03/15 \$'000	31/12/14 \$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	103,993	106,410	-	-
Subsidiaries	-	-	135,067	135,001
Financial asset, available-for-sale	4,372	4,372	4,372	4,372
Intangible assets	24,311	24,880	-	-
Deferred income tax assets	1,711	1,147	-	-
Other receivables, deposits and prepayments	2,720	3,156	-	-
	<u>137,107</u>	<u>139,965</u>	<u>139,439</u>	<u>139,373</u>
<b>CURRENT ASSETS</b>				
Inventories	99,515	95,669	-	-
Trade receivables	89,546	87,207	-	-
Receivables from subsidiaries	-	-	1,437	1,328
Dividends receivable from subsidiaries	-	-	2,973	4,295
Other receivables, deposits and prepayments	8,478	8,789	11	12
Tax recoverable	1,813	1,862	-	-
Cash and cash equivalents	20,109	18,770	3,054	2,092
	<u>219,461</u>	<u>212,297</u>	<u>7,475</u>	<u>7,727</u>
Total assets	356,568	352,262	146,914	147,100
<b>CURRENT LIABILITIES</b>				
Trade payables	50,645	49,111	-	-
Other payables, accruals and provisions	28,911	31,345	548	360
Deferred gain	1,063	1,063	-	-
Borrowings	57,993	53,022	-	400
Income tax payable	1,998	1,234	3	2
	<u>140,610</u>	<u>135,775</u>	<u>551</u>	<u>762</u>
<b>NON CURRENT LIABILITIES</b>				
Deferred gain	1,595	1,860	-	-
Borrowings	1,959	2,337	-	-
Deferred income tax liabilities	4,093	3,835	-	-
	7,647	8,032	-	-
Total liabilities	<u>148,257</u>	<u>143,807</u>	<u>551</u>	<u>762</u>
<b>NET ASSETS</b>	<u>208,311</u>	<u>208,455</u>	<u>146,363</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
Foreign currency translation reserve	(17,993)	(17,226)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	(15)	(27)	(15)	(27)
Statutory reserve fund	1,090	1,042	-	-
Share option reserve	1,675	1,621	1,675	1,621
Retained profits	119,953	119,534	45,044	45,117
	<u>206,714</u>	<u>206,916</u>	<u>146,363</u>	<u>146,338</u>
Non-controlling interests	1,597	1,539	-	-
<b>TOTAL EQUITY</b>	<u>208,311</u>	<u>208,455</u>	<u>146,363</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 31/03/15	
Secured \$'000	Unsecured \$'000
32,080	25,913

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

**Amount repayable after one year**

As at 31/03/15	
Secured \$'000	Unsecured \$'000
1,576	383

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 March 2015 are as follows:

	Note	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	24,465	778	25,243
Other short-term borrowings	(ii)	6,534	24,950	31,484
Finance lease	(iii)	629	-	629
Term Loans	(iv)	2,028	568	2,596
		<u>33,656</u>	<u>26,296</u>	<u>59,952</u>

(i) bank overdrafts of :-

- (a) \$23,898,000 is secured by mortgage over properties, pledged on the trade receivables and inventories of all subsidiaries of the Company in The Netherlands; and
- (b) \$567,000 is secured over first charge on the entire present and future fixed assets of a subsidiary in India; and

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

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

(iv) term loans of :-

- (a) \$627,000 is secured by properties of a subsidiary in Malaysia;
- (b) \$740,000 is secured by first charge on the entire present and future fixed assets of a subsidiary in India; and
- (c) \$661,000 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.**

	<b>Group</b>	
	<b>3 months ended</b>	
	<b>31/03/15</b>	<b>31/03/14</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit after tax</b>	444	3,848
Adjustments for:		
Income tax expense	1,245	1,336
Exchange differences	807	19
Employee share option expense	94	94
Depreciation of property, plant and equipment	4,918	4,777
Loss/(Gain) on disposal of property, plant and equipment, net	(216)	(19)
Property, plant and equipment written off	48	3
Interest income	(43)	(83)
Interest expense	392	407
Amortisation of deferred gain	(265)	(266)
Amortisation of intangible assets	617	465
Operating cash flow before working capital changes	8,041	10,581
<b>Changes in operating assets and liabilities :</b>		
Inventories	(5,403)	(6,522)
Receivables	(2,421)	(2,312)
Payables	(735)	6,621
<b>Cash flows (used in)/generated from operations</b>	(518)	8,368
Tax paid	(784)	(857)
Interest paid	(383)	(407)
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>	(1,685)	7,104
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	43	83
Additions of intangible assets	(544)	(1,301)
Purchase of property, plant and equipment ( <b>Note 1</b> )	(2,122)	(2,859)
Proceeds from disposal of property, plant and equipment	281	22
Acquisition of a subsidiary, net of cash acquired	-	(4,770)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(2,342)	(8,825)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from re-issuance of treasury shares	-	434
Proceeds from issuance of share capital	32	-
Repayment of finance lease liabilities	(105)	(2,687)
Repayment of short term bank borrowings	(9,703)	(21,019)
Repayment of term loans	(927)	(534)
Proceeds from short term bank borrowings	13,428	19,633
Proceeds from term loans	-	1,002
Withdrawal/(Placement) of deposits pledged as securities	(22)	(5)
<b>NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>	2,703	(3,176)
Net (decrease)/increase in cash and cash equivalents	(1,324)	(4,897)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	(4,929)	(761)
Effect of exchange rate changes on cash and cash equivalents	932	33
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	(5,321)	(5,625)

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

	<b>Group</b>	
	<b>3 months ended</b>	
	<b>31/03/15</b>	<b>31/03/14</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash and cash equivalents at end of the financial period comprise:</b>		
Short term fund placed with a Malaysian financial institution	4,197	2,242
Deposits with licensed banks	187	5,431
Cash and bank balances	15,725	13,819
Bank overdrafts	<u>(25,243)</u>	<u>(27,001)</u>
	(5,134)	(5,509)
Less: Deposits pledged as securities	<u>(187)</u>	<u>(116)</u>
	<u><u>(5,321)</u></u>	<u><u>(5,625)</u></u>

**Note 1 :**

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$2,947,000 (31.03.2014: \$3,742,000) of which \$NIL (31.03.2014: \$29,000) was acquired by means of finance lease arrangement and \$825,000 (31.03.2014: \$854,000) was included in other payables at balance sheet date. Cash payments of \$2,122,000 (31.03.2014: \$2,859,000) were made to purchase these property, plant and equipment.

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

	<b>3 months ended</b>	
	<b>31/03/15</b>	<b>31/03/14</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Statement of Comprehensive Income</u></b>		
Profit for the period	444	3,848
<i>Item that may be reclassified subsequently to income statement :</i>		
- Currency translation differences arising from consolidation	(714)	(703)
Total comprehensive (loss)/income for the period	<u>(270)</u>	<u>3,145</u>
Attributable to:		
Equity holders of the Company	(328)	3,107
Non-controlling interests	58	38
Total comprehensive (loss)/income for the period	<u><u>(270)</u></u>	<u><u>3,145</u></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 March 2015 and 31 March 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 January 2015	99,627	-	(17,226)	2,345	(27)	1,042	1,621	119,534	206,916	1,539	208,455
Profit for the quarter	-	-	-	-	-	-	-	439	439	5	444
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	-	(767)	-	-	-	-	-	(767)	53	(714)
Total comprehensive income/(loss) for the quarter	-	-	(767)	-	-	-	-	439	(328)	58	(270)
Transfer to statutory reserve fund	-	-	-	-	-	48	-	(48)	-	-	-
Employee share option scheme											
- Value of employee services	-	-	-	-	-	-	94	-	94	-	94
- Issue of share capital	32	-	-	-	12	-	(12)	-	32	-	32
Transfer arising from forfeited share options	-	-	-	-	-	-	(28)	28	-	-	-
At 31 March 2015	<u>99,659</u>	<u>-</u>	<u>(17,993)</u>	<u>2,345</u>	<u>(15)</u>	<u>1,090</u>	<u>1,675</u>	<u>119,953</u>	<u>206,714</u>	<u>1,597</u>	<u>208,311</u>
At 1 January 2014	99,538	(1,411)	(11,658)	2,345	(150)	654	1,773	114,191	205,282	1,783	207,065
Profit for the quarter	-	-	-	-	-	-	-	3,802	3,802	46	3,848
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	-	(695)	-	-	-	-	-	(695)	(8)	(703)
Total comprehensive income/(loss) for the quarter	-	-	(695)	-	-	-	-	3,802	3,107	38	3,145
Transfer to/(from) statutory reserve fund	-	-	-	-	-	178	-	(178)	-	-	-
Employee share option scheme											
- Value of employee services	-	-	-	-	-	-	94	-	94	-	94
- Treasury shares re-issued	-	583	-	-	51	-	(200)	-	434	-	434
At 31 March 2014	<u>99,538</u>	<u>(828)</u>	<u>(12,353)</u>	<u>2,345</u>	<u>(99)</u>	<u>832</u>	<u>1,667</u>	<u>117,815</u>	<u>208,917</u>	<u>1,821</u>	<u>210,738</u>
	Attributable to equity holders of the Company										
	Share Capital \$'000	Treasury Shares \$'000	Foreign Currency Translation Reserve \$'000	Merger Reserve \$'000	Capital Reserve \$'000	Statutory Reserve Fund \$'000	Share Option Reserve \$'000	Retained Profits \$'000	Total \$'000		
<b>The Company</b>											
At 1 January 2015	99,627	-	-	-	(27)	-	1,621	45,117	146,338		
Total comprehensive income/(loss) for the quarter	-	-	-	-	-	-	-	(73)	(73)		
Employee share option scheme											
- Value of employee services	-	-	-	-	-	-	94	-	94		
- Treasury shares re-issued	-	-	-	-	-	-	-	-	-		
- Issue of share capital	32	-	-	-	12	-	(12)	-	32		
Reversal arising from forfeited share options	-	-	-	-	-	-	(28)	-	(28)		
At 31 March 2015	<u>99,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>-</u>	<u>1,675</u>	<u>45,044</u>	<u>146,363</u>		
At 1 January 2014	99,538	(1,411)	-	-	(150)	-	1,773	47,046	146,796		
Total comprehensive income/(loss) for the quarter	-	-	-	-	-	-	-	(13)	(13)		
Employee share option scheme											
- Value of employee services	-	-	-	-	-	-	94	-	94		
- Treasury shares re-issued	-	583	-	-	51	-	(200)	-	434		
At 31 March 2014	<u>99,538</u>	<u>(828)</u>	<u>-</u>	<u>-</u>	<u>(99)</u>	<u>-</u>	<u>1,667</u>	<u>47,033</u>	<u>147,311</u>		

1(e)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Issued and paid up capital

During the quarter, the Company issued 190,000 new ordinary shares pursuant to the Company's employee share option scheme at the exercise price of \$0.168. There are no treasury shares held as at the end of the current quarter.

	<b>Total number of issued shares as at</b>	
	<b>31/03/15</b>	<b>31/03/14</b>
Number of issued shares	404,662,409	403,918,409
Number of treasury shares	-	(3,316,000)
Total number of issued shares excluding treasury shares	<u>404,662,409</u>	<u>400,602,409</u>

Share options

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

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 1.1.2015	Granted during the period	Forfeited during the period	Exercised during the period	As at 31.3.2015		
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)	4,074,000	0	0	(190,000)	3,884,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	5,835,000	0	(220,000)	0	5,615,000	\$0.224	1.12.2012 - 30.11.2020
7.10.2013 (2013 Option)	6,000,000	0	0	0	6,000,000	\$0.208	7.10.2015 - 6.10.2023
	<u>18,655,000</u>	<u>0</u>	<u>(220,000)</u>	<u>(190,000)</u>	<u>18,245,000</u>		

	<b>Total number of shares as at</b>	
	<b>31/03/15</b>	<b>31/03/14</b>
Total number of shares that may be issued on exercise of share options outstanding	<u>18,245,000</u>	<u>22,795,000</u>

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.

	<b>As at</b>	
	<b>31/03/15</b>	<b>31/12/14</b>
Total number of issued shares excluding treasury shares	<u>404,662,409</u>	<u>404,472,409</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 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 3 months ended	
	31/03/15	31/03/14
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)	0.11	0.95
- Weighted average number of shares (in thousand)	404,502	398,892
(ii) On a fully diluted basis (in cents)	0.11	0.94
- Adjusted weighted average number of shares (in thousand)	406,224	405,753

Basic earnings per share for the period 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	
	31/03/15	31/12/14	31/03/15	31/12/14
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	51.08	51.16	36.17	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 31.03.2015 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.**

Frencken Group is a high-technology capital equipment and consumer product service provider of complete and integrated one-stop outsourcing solutions to a global customer base. It has two business divisions.

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

### Income Statement

#### Group Revenue

	1Q	2Q	3Q	4Q	Full Year
<b>FY2015 (S\$'000)</b>	111,681	-	-	-	-
<b>FY2014 (S\$'000)</b>	110,904	125,713	120,900	115,220	472,737
<b>yoy (%)</b>	0.7	N.M.	N.M.	N.M.	N.M.

For the 3 months ended 31 March 2015 (1Q15), Group revenue increased 0.7% to S\$111.7 million from 1Q14, as higher revenue contributed by the Mechatronics Division offset a revenue decline at the IMS Division.

### Mechatronics Division

#### Revenue breakdown by Business Segment

Sales	1Q15	1Q14	yoy	4Q14	qoq
	S\$'000	S\$'000	%	S\$'000	%
<b>MECHATRONICS DIVISION</b>					
Semiconductor	18,278	14,581	25.4	14,776	23.7
Medical	15,765	16,840	(6.4)	16,962	(7.1)
Analytical	20,613	22,018	(6.4)	25,437	(19.0)
Industrial Automation	11,149	6,659	67.4	12,243	(8.9)
Others	3,966	7,832	(49.4)	6,324	(37.3)
<b>Mechatronics Total</b>	<b>69,771</b>	<b>67,930</b>	<b>2.7</b>	<b>75,742</b>	<b>(7.9)</b>
<b>IMS DIVISION</b>					
Automotive	29,734	28,084	5.9	25,946	14.6
Office Automation	3,483	5,768	(39.6)	4,919	(29.2)
Consumer & Industrial Electronics	5,448	5,193	4.9	5,154	5.7
Others	268	546	(50.9)	536	(50.0)
Tooling	2,972	3,378	(12.0)	2,918	1.9
<b>IMS Total</b>	<b>41,905</b>	<b>42,969</b>	<b>(2.5)</b>	<b>39,473</b>	<b>6.2</b>

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

The Group's higher year-on-year (yoy) revenue in 1Q15 was due mainly to increases in sales from the semiconductor, industrial automation, automotive and consumer & industrial electronics segments.

The 25.4% yoy revenue growth registered by the semiconductor segment in 1Q15 was principally attributed to strong sales at the Mechatronics operations in Asia, which serves the back-end of the semiconductor equipment industry. The Asia operations also witnessed increased sales of hard-disk drive production equipment in 1Q15 which lifted the industrial automation segment's revenue by 67.4% yoy. Sales of the industrial automation segment are typically lumpy in nature.

The medical and analytical segments recorded softer revenue in 1Q15 as compared to 1Q14. This was due mainly to slower sales, as well as the unfavourable impact of the Euro's depreciation against the Singapore dollar.

The automotive segment showed moderate sales growth of 5.9% yoy in 1Q15 due to the slower economies in Europe and China. Revenue of the consumer & industrial electronics segment improved 4.9% yoy on higher sales of camera components. However, the office automation segment recorded lower yoy revenue in 1Q15 as the Group continued to scale down the mail facilitating products at the Penang plant.

### Gross Profit Margin

The Group's gross profit (GP) declined 14.6% yoy to S\$14.8 million in 1Q15. Group GP margin eased to 13.2% as compared to 15.6% in 1Q14. This is mainly attributable to softer GP margin of the IMS Division due mainly to challenging operational conditions at the Penang plant which led to production inefficiencies. The GP margin was also affected by the winding down of mailing facilitating products as fixed overheads could not be scaled down in tandem with the drop in sales.

### Other Income

Other income increased 15.3% yoy to S\$2.2 million in 1Q15 due mainly to higher foreign exchange gain and higher gain on disposal of fixed assets.

### Operating expenses

Selling and distribution expenses were unchanged at S\$3.2 million in 1Q15. Administrative and general expenses increased 4.9% yoy to S\$10.2 million, attributable mainly to higher staff costs.

Other operating expenses increased 87.6% yoy to S\$1.6 million in 1Q15 due mainly to higher foreign exchange losses.

### Finance Costs

Finance costs in FY2014 were stable at S\$0.4 million.

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

	1Q	2Q	3Q	4Q	Full Year
<b>FY2015 (S\$'000)</b>	439	-	-	-	-
<b>FY2014 (S\$'000)</b>	3,802	4,557	2,239	760	11,358
<b>yoy (%)</b>	-88.5	N.M.	N.M.	N.M.	N.M.

After accounting for income tax of S\$1.2 million, the Group's net profit attributable to equity holders decreased 88.5% yoy to S\$0.4 million in 1Q15, due mainly to lower GP and higher foreign exchange loss during the quarter in review.

In 1Q15, the Mechatronics Division posted a net profit of S\$2.3 million, while the IMS Division's net loss was S\$1.8 million.

## Balance Sheet

As at 31 March 2015, the Group had shareholders' equity of S\$206.7 million, equivalent to net asset value of 51.08 cents per share based on the total number of issued shares of 404.7 million shares.

Total assets as at 31 March 2015 increased to S\$356.6 million from S\$352.3 million at the end of December 2014, attributed mainly to increases in cash and cash equivalents, inventories, and trade receivables.

As at 31 March 2015, cash and cash equivalents increased to S\$20.1 million from S\$18.8 million as at 31 December 2014.

Inventories increased to S\$99.5 million from S\$95.7 million at the end of FY2014 for fulfillment of customers' orders.

Trade receivables increased to S\$89.5 million from S\$87.2 million as at 31 December 2014, due to higher sales of the Asia mechatronics operations in 1Q15 as compared to the last quarter of 2014. Trade payables also increased to S\$50.6 million from S\$49.1 million as at 31 December 2014, attributed to higher purchases of materials required to fulfill customers' orders.

As at 31 March 2015, the Group had net bank borrowings of S\$39.8 million, as compared to S\$36.6 million at the end of FY2014. As a result, the Group's net debt-to-equity ratio increased to 19.3% from 17.7% as at 31 December 2014.

## Cash Flow Analysis

The Group used net cash of S\$1.7 million for operating activities in 1Q15. This was attributed to cash used in operations of S\$0.5 million, income tax and interest paid of S\$1.2 million.

Net cash used in investing activities amounted to S\$2.3 million in 1Q15., attributable to capital expenditure and deferred development cost.

The Group generated net cash of S\$2.7 million from financing activities in 1Q15, due mainly to net proceeds from short term borrowings which were partially offset by repayment of term loans.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of S\$1.3 million in 1Q15. 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\$0.9 million on its opening cash and cash equivalents, the Group had an ending cash balance of minus S\$5.3 million as at 31 March 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 1Q15 are in line with the guidance provided in its financial statements posted on the SGX website on 26 February 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 business environment is expected to remain challenging due to the subdued global economic landscape. Given renewed concerns over the sustainability of the USA economy's recovery, coupled with continuing uncertainty about the direction of the Eurozone economies and slower economic growth in China, business sentiment of end-users in the markets served by our Group is likely to remain cautious.

The Group remains mindful of certain factors that could adversely affect its 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 navigate through these headwinds, the Group is working to mitigate the impact of pricing and cost pressures on profit margins by implementing several measures to better control costs, as well as improve operational efficiency and productivity of its two divisions.

**Mechatronics Division**

Based on current indicators, sales of the medical and industrial automation segments are anticipated to improve in 2Q15 as compared to 2Q14, while softer sales are expected for the semiconductor and analytical segments in 2Q15 compared to 2Q14.

**IMS Division**

Based on current indicators, sales of the automotive and consumer & industrial electronics segments are expected to be stable in 2Q15 as compared to 2Q14. However, the IMS Division's performance in 2Q15 could be impacted by operational challenges and higher costs at the Penang plant. The Group views this as an area of priority and is actively working to resolve and improve the operations. The division's performance would also be affected by a significant decrease in sales of the office automation segment in tandem with its intention to discontinue mail facilitating products.

**11. Dividend**

**(a) Current Financial Period Reported on**

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

None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

None

**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.**

Only applies to full year results

**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.**

Only applies to full year results

**15. A breakdown of sales.**

Only applies to full year results

**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:-**

Only applies to full year results

**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) 3 months ended	
	31/3/15	31/3/14
Not applicable	-	-

**BY ORDER OF THE BOARD**

Sim Mong Huat  
Executive Director  
7-May-15

Confirmation by Directors Pursuant to Clause 705(5) of the Listing Manual of SGX-ST

We, Sim Mong Huat and Hendrik Gezinus Tappel, being two directors of Frencken Group Limited ("the Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first quarter 2015 financial results to be false or misleading.

On behalf of the Board of Directors

*(Signed)*  
Sim Mong Huat  
Executive Director

*(Signed)*  
Hendrik Gezinus Tappel  
Executive Director

Singapore, 7 May 2015