



**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		
	31/03/16 \$'000	31/03/15 \$'000	% Change
Revenue	114,017	111,681	2.1%
Cost of sales	(96,638)	(96,888)	-0.3%
Gross profit	17,379	14,793	17.5%
Other income (Note 1)	1,823	2,189	-16.7%
Selling and distribution expenses	(2,748)	(3,175)	-13.4%
Administrative and general expenses	(10,262)	(10,171)	0.9%
Other operating expenses (Note 1)	(1,488)	(1,598)	-6.9%
Interest income	42	43	-2.3%
Finance costs	(370)	(392)	-5.6%
Profit before income tax	4,376	1,689	159.1%
Income tax expense	(1,323)	(1,245)	6.3%
Profit for the year	3,053	444	587.6%
Profit attributable to:			
Equity holders of the Company	3,060	439	597.0%
Non-controlling interests	(7)	5	N.M.
	3,053	444	587.6%

N.M. : Not meaningful

**Note 1 - Other income/(Other operating expenses)**

Other Income	1,823	2,189	-16.7%
Other Operating Expenses	(1,488)	(1,598)	-6.9%
	335	591	-43.3%

Included in Other income/(Other operating expenses):

Gain/(loss) on disposal of property, plant and equipment, net	113	216	-47.7%
Property, plant and equipment written off	(5)	(48)	-89.6%
Government grants	503	416	20.9%
Foreign exchange (loss)/gain, net	(865)	(557)	55.3%
Amortisation of deferred gain	265	265	0.0%
Scrap sales	129	134	-3.7%
Other income	224	166	34.9%
Other expenses	(29)	(1)	2800.0%
	335	591	-43.3%

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		
	31/03/16	31/03/15	%
	\$'000	\$'000	Change
<b>Profit for the period is arrived at after charging/(crediting) :-</b>			
Investment income	-	-	-
Other income including interest income	(1,865)	(2,232)	-16%
Amortisation of deferred gain	(265)	(265)	N.M.
Interest on borrowings	370	392	-6%
Depreciation of property, plant and equipment	3,961	4,918	-19%
Amortisation of intangible assets	194	617	-69%
Allowance/(write-back) for doubtful debts and bad debts written off	(37)	4	N.M.
Allowance/(write back) for inventory obsolescence	30	26	15%
Impairment in value of investments	-	-	-
Foreign exchange (gain)/ loss, net	865	557	55%
Adjustments for (over)/ under provision of tax in respect of prior years	(2)	35	N.M.
(Gain)/Loss on disposal of property, plant and equipment, net	(113)	(216)	-48%
Property, plant and equipment written off	5	48	-90%
Exceptional items	-	-	-

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	
	31/03/16 \$'000	31/12/15 \$'000	31/03/16 \$'000	31/12/15 \$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	97,896	97,713	-	-
Subsidiaries	-	-	127,229	127,229
Financial asset, available-for-sale	4,132	4,132	4,132	4,132
Intangible assets	24,613	23,810	-	-
Deferred income tax assets	2,237	2,506	-	-
Other receivables, deposits and prepayments	1,695	1,935	-	-
Total non-current assets	<u>130,573</u>	<u>130,096</u>	<u>131,361</u>	<u>131,361</u>
<b>CURRENT ASSETS</b>				
Inventories	100,823	98,924	-	-
Trade receivables	89,283	87,411	-	-
Receivables from subsidiaries	-	-	734	662
Dividends receivable from subsidiaries	-	-	1,630	4,127
Other receivables, deposits and prepayments	11,691	8,199	14	19
Tax recoverable	4	126	-	-
Cash and cash equivalents	22,532	14,719	6,420	3,667
Total current assets	<u>224,333</u>	<u>209,379</u>	<u>8,798</u>	<u>8,475</u>
Total assets	354,906	339,475	140,159	139,836
<b>CURRENT LIABILITIES</b>				
Trade payables	47,747	45,004	-	-
Other payables, accruals and provisions	29,706	28,997	737	381
Deferred gain	1,063	1,063	-	-
Borrowings	58,301	50,114	-	-
Income tax payable	3,130	2,510	4	3
Total current liabilities	<u>139,947</u>	<u>127,688</u>	<u>741</u>	<u>384</u>
<b>NON CURRENT LIABILITIES</b>				
Deferred gain	532	797	-	-
Borrowings	1,446	1,786	-	-
Deferred income tax liabilities	3,374	3,600	-	-
Total non-current liabilities	5,352	6,183	-	-
Total liabilities	<u>145,299</u>	<u>133,871</u>	<u>741</u>	<u>384</u>
<b>NET ASSETS</b>	<u>209,607</u>	<u>205,604</u>	<u>139,418</u>	<u>139,452</u>
<b>EQUITY</b>				
Capital and reserves attributable to the Company's equity holders				
Share capital	99,659	99,659	99,659	99,659
Foreign currency translation reserve	(24,967)	(25,961)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	(15)	(15)	(15)	(15)
Statutory reserve fund	1,689	1,622	-	-
Share option reserve	1,787	1,787	1,787	1,787
Retained profits	127,187	124,194	37,987	38,021
	<u>207,685</u>	<u>203,631</u>	<u>139,418</u>	<u>139,452</u>
Non-controlling interests	1,922	1,973	-	-
<b>TOTAL EQUITY</b>	<u>209,607</u>	<u>205,604</u>	<u>139,418</u>	<u>139,452</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 31/03/16	
Secured \$'000	Unsecured \$'000
34,086	24,215

As at 31/12/15	
Secured \$'000	Unsecured \$'000
30,211	19,903

### Amount repayable after one year

As at 31/03/16	
Secured \$'000	Unsecured \$'000
1,114	332

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

### Details of any collateral

Details of the borrowings of the Group and its securities as at 31 March 2016 are as follows:

	Note	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	27,239	3,238	30,477
Other short-term borrowings	(ii)	6,107	20,578	26,685
Finance lease	(iii)	380	-	380
Term Loans	(iv)	1,474	731	2,205
		<u>35,200</u>	<u>24,547</u>	<u>59,747</u>

(i) bank overdrafts of :-

(a) \$26,740,000 is secured by mortgage over properties, pledged on the trade receivables and inventories of all subsidiaries of the Company in The Netherlands; and

(b) \$499,000 is secured by exclusive charged on the entire present and future current and fixed assets of a subsidiary in India.

(ii) other short-term borrowings is 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) \$549,000 is secured by exclusive charged on the entire present and future current and fixed assets of a subsidiary in India; and

(b) \$925,000 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>31/03/16</b>	<b>31/03/15</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit after tax</b>	3,053	444
Adjustments for:		
Income tax expense	1,323	1,245
Exchange differences	22	807
Employee share option expense	-	94
Depreciation of property, plant and equipment	3,961	4,918
Gain on disposal of property, plant and equipment, net	(113)	(216)
Property, plant and equipment written off	5	48
Interest income	(42)	(43)
Interest expense	370	392
Amortisation of deferred gain	(265)	(265)
Amortisation of intangible assets	194	617
Operating cash flow before working capital changes	8,508	8,041
<b>Changes in operating assets and liabilities :</b>		
Inventories	(1,404)	(5,403)
Receivables	(4,791)	(2,421)
Payables	2,177	(735)
<b>Cash flows generated from/(used in) operations</b>	4,490	(518)
Tax paid	(549)	(784)
Interest paid	(371)	(383)
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>	3,570	(1,685)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	42	43
Additions of intangible assets	(904)	(544)
Purchase of property, plant and equipment ( <b>Note 1</b> )	(2,772)	(2,122)
Proceeds from disposal of property, plant and equipment	169	281
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(3,465)	(2,342)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital	-	32
Repayment of finance lease liabilities	(84)	(105)
Repayment of short term bank borrowings	(24,718)	(9,703)
Repayment of term loans	(327)	(927)
Proceeds from short term bank borrowings	28,693	13,428
Withdrawal/(Placement) of deposits pledged as securities	-	(22)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	3,564	2,703
Net increase/(decrease) in cash and cash equivalents	3,669	(1,324)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	(11,613)	(4,929)
Effect of exchange rate changes on cash and cash equivalents	(117)	932
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	(8,061)	(5,321)

**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>31/03/16</b>	<b>31/03/15</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	3,159	4,197
Deposits with licensed banks	116	187
Cash and bank balances	19,257	15,725
Bank overdrafts	(30,477)	(25,243)
	(7,945)	(5,134)
Less: Deposits pledged as securities	(116)	(187)
	(8,061)	(5,321)

**Note 1 :**

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$3,744,000 (31.03.2015: \$2,947,000) of which \$NIL (31.03.2015: \$NIL) was acquired by means of finance lease arrangement and \$972,000 (31.03.2015: \$825,000) was included in other payables at balance sheet date. Cash payments of \$2,772,000 (31.03.2015: \$2,122,000) were made to purchase these property, plant and equipment.

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

	<b>3 months ended</b>	
	<b>31/03/16</b>	<b>31/03/15</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Statement of Comprehensive Income</u></b>		
Profit for the period	3,053	444
<i>Item that may be reclassified subsequently to income statement :</i>		
- Currency translation differences arising from consolidation	950	(714)
Total comprehensive income /(loss) for the period	4,003	(270)
Attributable to:		
Equity holders of the Company	4,054	(328)
Non-controlling interests	(51)	58
Total comprehensive income/(loss) for the period	4,003	(270)

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 2016 and 31 March 2015**

	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 2016	99,659	-	(25,961)	2,345	(15)	1,622	1,787	124,194	203,631	1,973	205,604
Profit for the quarter	-	-	-	-	-	-	-	3,060	3,060	(7)	3,053
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	-	994	-	-	-	-	-	994	(44)	950
Total comprehensive income/(loss) for the quarter	-	-	994	-	-	-	-	3,060	4,054	(51)	4,003
<i>Transactions with owners recognised directly in equity</i>											
Transfer to statutory reserve fund	-	-	-	-	-	67	-	(67)	-	-	-
	-	-	-	-	-	67	-	(67)	-	-	-
At 31 March 2016	<u>99,659</u>	<u>-</u>	<u>(24,967)</u>	<u>2,345</u>	<u>(15)</u>	<u>1,689</u>	<u>1,787</u>	<u>127,187</u>	<u>207,685</u>	<u>1,922</u>	<u>209,607</u>
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)
<i>Transactions with owners recognised directly in equity</i>											
Transfer to/(from) statutory reserve fund	-	-	-	-	-	48	-	(48)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	94	-	94	-	94
- Treasury shares re-issued	-	-	-	-	-	-	-	-	-	-	-
- Issue of share capital	32	-	-	-	12	-	(12)	-	32	-	32
Transfer arising from forfeited share options	-	-	-	-	-	-	(28)	28	-	-	-
	32	-	-	-	12	48	54	(20)	126	-	126
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>

	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 2016	99,659	-	-	-	(15)	-	1,787	38,021	139,452		
Total comprehensive income/(loss) for the quarter	-	-	-	-	-	-	-	(34)	(34)		
At 31 March 2016	<u>99,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>-</u>	<u>1,787</u>	<u>37,987</u>	<u>139,418</u>		
At 1 January 2015	99,627	-	-	-	(27)	-	1,621	45,117	146,338		
Total comprehensive income/(loss) for the quarter	-	-	-	-	-	-	-	(73)	(73)		
<i>Transactions with owners recognised directly in equity</i>											
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)		
	32	-	-	-	12	-	54	-	98		
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>		

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 March 2016.

	<b>Total number of issued shares as at</b>	
	<b>31/03/16</b>	<b>31/03/15</b>
Number of issued shares	404,662,409	404,662,409
Number of treasury shares	-	-
Total number of issued shares excluding treasury shares	404,662,409	404,662,409

Share options

The movement of share options of the Company during the period from 1 January 2016 to 31 March 2016 is as follows:

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 1.1.2016	Granted during the period	Forfeited during the period	Exercised during the period	As at 31.3.2016		
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		

	<b>Total number of shares as at</b>	
	<b>31/03/16</b>	<b>31/03/15</b>
Total number of shares that may be issued on exercise of share options outstanding	17,635,000	18,245,000

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.

	<b>As at</b>	
	<b>31/03/16</b>	<b>31/12/15</b>
Total number of issued shares excluding treasury shares	404,662,409	404,662,409

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 2016.

**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	
	31/03/16	31/03/15
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)	0.76	0.11
- Weighted average number of shares (in thousand)	404,662	404,502
(ii) On a fully diluted basis (in cents)	0.75	0.11
- Adjusted weighted average number of shares (in thousand)	405,785	406,224

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	
	31/03/16	31/12/15	31/03/16	31/12/15
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	51.32	50.32	34.45	34.46

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 31.03.2016 of 404,662,409 (31.12.2015 : 404,662,409).

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>FY2016 (S\$'000)</b>	114,017	-	-	-	-
<b>FY2015 (S\$'000)</b>	111,681	116,924	107,667	103,108	439,380
<b>yoy (%)</b>	2.1	N.M.	N.M.	N.M.	N.M.

For the 3 months ended 31 March 2016 ("1Q16"), Group revenue increased 2.1% year-on-year (yoy) to S\$114.0 million due to higher revenue contribution from the Mechatronics Division.

##### Revenue breakdown by Business Segment

Sales	1Q16	1Q15	yoy	4Q15	qoq
	S\$'000	S\$'000	%	S\$'000	%
<b>MECHATRONICS DIVISION</b>					
Semiconductor	19,939	18,278	9.1	12,703	57.0
Medical	16,156	15,765	2.5	15,105	7.0
Analytical	19,596	20,613	(4.9)	21,057	(6.9)
Industrial Automation	14,332	11,149	28.5	9,164	56.4
Others	3,732	3,966	(5.9)	2,473	50.9
<b>Mechatronics Total</b>	<b>73,755</b>	<b>69,771</b>	<b>5.7</b>	<b>60,502</b>	<b>21.9</b>
<b>IMS DIVISION</b>					
Automotive	31,059	29,734	4.5	30,555	1.6
Office Automation	868	3,483	(75.1)	1,029	(15.6)
Consumer & Industrial					
Electronics	5,286	5,448	(3.0)	5,127	3.1
Others	115	268	(57.1)	431	(73.3)
Tooling	2,930	2,972	(1.4)	5,460	(46.3)
<b>IMS Total</b>	<b>40,258</b>	<b>41,905</b>	<b>(3.9)</b>	<b>42,602</b>	<b>(5.5)</b>

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

Revenue at the Mechatronics Division increased 5.7% yoy to S\$73.8 million in 1Q16 due mainly to higher sales from the semiconductor and industrial automation segments.

The higher sales from the semiconductor segment can be attributed mainly to increased orders from a customer of front-end semiconductor equipment. The industrial automation segment saw higher sales due primarily to increased sales of production equipment for storage drives and storage test equipment.

Revenue at the IMS Division softened 3.9% yoy to S\$40.3 million in 1Q16. Sales derived from the automotive segment improved by 4.5% yoy. 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

The Group's gross profit increased 17.5% to S\$17.4 million in 1Q16. Correspondingly, the gross profit margin expanded to 15.2% from 13.2% in 1Q15.

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

Other income, net of other operating expenses, in 1Q16 decreased to S\$0.3 million from S\$0.6 million in 1Q15. This was due mainly to higher net foreign exchange losses.

## Selling and Administrative Expenses

Selling and distribution expenses in 1Q16 decreased 13.4% yoy to S\$2.7 million, attributable to reductions in sales commission and lower freight costs. Administrative and general expenses were relatively stable at S\$10.3 million in 1Q16 as compared to 1Q15.

## Finance Costs

Finance costs were relatively stable at S\$0.4 million in 1Q16 as compared to 1Q15.

## Group Profit before Income Tax

The Group recorded profit before income tax of S\$4.4 million in 1Q16, representing an increase of 159.1% from S\$1.7 million in 1Q15.

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

	1Q	2Q	3Q	4Q	Full Year
<b>FY2016 (S\$'000)</b>	3,060	-	-	-	-
<b>FY2015 (S\$'000)</b>	439	4,125	3,787*	870 <sup>#</sup>	9,221
<b>yoy (%)</b>	597.0	N.M.	N.M.	N.M.	N.M.

\*including exceptional items totaling S\$1.3 million

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

After accounting for income tax of S\$1.3 million, the Group's net profit attributable to equity holders (PATMI) increased to S\$3.1 million in 1Q16 from S\$0.4 million in 1Q15.

The Mechatronics Division recorded a 35.0% increase in net profit to S\$3.1 million in 1Q16, from S\$2.3 million in 1Q15. The IMS Division narrowed its net loss to S\$45,000 in 1Q16 from a net loss of S\$1.8 million in 1Q15.

## Balance Sheet

As at 31 March 2016, the Group had shareholders' equity of S\$207.7 million, equivalent to net asset value of 51.32 cents per share based on the total number of issued shares of 404.7 million shares.

Total assets as at 31 March 2016 increased to S\$354.9 million from S\$339.5 million at the end of December 2015. Cash and cash equivalents increased to S\$22.5 million from S\$14.7 million as at 31 December 2015. Inventories increased to S\$100.8 million from S\$98.9 million at the end of FY2015 for fulfillment of orders to customers. Trade receivables increased slightly to S\$89.3 million from S\$87.4 million as at 31 December 2015.

Trade payables increased to S\$47.7 million as at 31 March 2016 from S\$45.0 million at the end of FY2015, attributed to higher purchases of materials required to fulfill customers' orders.

The Group had net bank borrowings of S\$37.2 million as at 31 March 2016, unchanged from the end of FY2015. As a result, the Group's net debt-to-equity ratio decreased to 17.9% from 18.3% as at 31 December 2015.

## Cash Flow Analysis

The Group generated net cash from operating activities of S\$3.6 million in 1Q16. Net cash used in investing activities amounted to S\$3.5 million in 1Q16, attributable mainly to capital expenditure. The Group generated net cash of S\$3.5 million from financing activities in 1Q16, due mainly to net proceeds derived from short term borrowings.

As a result of the above, the Group recorded a net increase in cash and cash equivalents of S\$3.6 million in 1Q16. When added to its opening cash and cash equivalents of minus S\$11.6 million at the beginning of FY2016 and after accounting for the negative effect of foreign currency movements of S\$0.1 million on its opening cash and cash equivalents, the Group had an ending cash balance of minus S\$8.1 million as at 31 March 2016.

## 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 1Q16 are in line with the guidance provided in its financial statements posted on the SGX website on 25 February 2016.

**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 in the high technology manufacturing sector is expected to remain challenging in 2016 as end-users in key markets served by the Group are likely to maintain a cautious approach due to ongoing uncertainty over the direction of the global economy.

The Group will continue to focus on driving operational execution excellence at its two business divisions and leveraging its advanced manufacturing capabilities and global network of production facilities. The Group will also be seeking to further optimise its organizational and cost structures.

At the same time, the Group is working to strengthen its global sales organization. The Group is working to increase its share with existing customers and also to expand its market share with new business opportunities.

**Mechatronics Division**

Based on current indicators, revenue of the semiconductor and medical segments are expected to remain satisfactory.

The industrial automation segment however is expected to witness a year-on-year revenue contraction in 2Q16 due mainly to lower sales of production equipment for storage drives. Sales of this segment are typically lumpy in nature.

The Group will continue to strengthen the Mechatronics Division by investing in advanced equipment and state-of-the-art facilities to raise the technological capabilities of its operating sites world-wide.

**IMS Division**

Based on current indicators, revenue of the automotive segment in 2Q16 is expected to remain satisfactory while lower revenue contributions are expected from the consumer and the office automation segments as compared to 2Q15.

The Group will continue to enhance the IMS Division's capabilities in the automotive segment by making appropriate capital investments to expand production capacity.

**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	
	31/3/16	31/3/15
	Not applicable	-

**18. 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**

Mohamad Anwar Au  
Executive Director  
12-May-16

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

We, Mohamad Anwar Au and Dato' Gooi Soon Chai, 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 2016 financial results to be false or misleading.

On behalf of the Board of Directors

*(Signed)*  
Mohamad Anwar Au  
Executive Director

*(Signed)*  
Dato' Gooi Soon Chai  
Non-Executive Director

Singapore, 12 May 2016