



FRENCKEN GROUP LIMITED

(Registration No. 199905084D)

Unaudited Full Year Financial Statements And Dividend Announcement

PART 1- INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended			12 months ended		
	31/12/16	31/12/15	%	31/12/16	31/12/15	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Revenue	111,182	103,108	7.8%	466,419	439,380	6.2%
Cost of sales	(94,903)	(86,202)	10.1%	(395,661)	(372,053)	6.3%
Gross profit	16,279	16,906	-3.7%	70,758	67,327	5.1%
Other income (Note 1)	2,602	1,345	93.5%	5,896	6,814	-13.5%
Selling and distribution expenses	(3,110)	(2,548)	22.1%	(11,250)	(11,163)	0.8%
Administrative and general expenses	(10,547)	(8,570)	23.1%	(42,376)	(38,958)	8.8%
Other operating expenses (Note 1)	(87)	(360)	-75.8%	(1,381)	(1,989)	-30.6%
Interest income	40	60	-33.3%	162	214	-24.3%
Finance costs	(382)	(374)	2.1%	(1,523)	(1,545)	-1.4%
Profit before income tax and exceptional items	4,795	6,459	-25.8%	20,286	20,700	-2.0%
Exceptional items (Note 2)	-	(4,664)	N.M.	-	(5,975)	N.M.
Profit before income tax	4,795	1,795	167.1%	20,286	14,725	37.8%
Income tax expense	(355)	(770)	-53.9%	(4,317)	(5,122)	-15.7%
Profit for the year	4,440	1,025	333.2%	15,969	9,603	66.3%
Profit attributable to:						
Equity holders of the Company	4,362	870	401.4%	15,905	9,221	72.5%
Non-controlling interests	78	155	-49.7%	64	382	-83.2%
	4,440	1,025	333.2%	15,969	9,603	66.3%
Note 1 - Other income/(Other operating expenses)						
Other Income	2,602	1,345	93.5%	5,896	6,814	-13.5%
Other Operating Expenses	(87)	(360)	-75.8%	(1,381)	(1,989)	-30.6%
	2,515	985	155.3%	4,515	4,825	-6.4%
Included in Other income/(Other operating expenses):						
Gain/(loss) on disposal of property, plant and equipment, net	34	46	-26.1%	148	321	-53.9%
Property, plant and equipment written off	-	(3)	N.M.	(41)	(53)	-22.6%
Government grants	444	502	-11.6%	1,593	1,417	12.4%
Foreign exchange (loss)/gain, net	1,218	17	7064.7%	329	846	-61.1%
Amortisation of deferred gain	266	266	N.M.	1,063	1,063	N.M.
Scrap sales	167	149	12.1%	584	677	-13.7%
Other income	414	110	276.4%	892	720	23.9%
Other expenses	(28)	(102)	-72.5%	(53)	(166)	-68.1%
	2,515	985	155.3%	4,515	4,825	-6.4%

Note 2 - Exceptional items comprise:-

	Note	31/12/16	31/12/15	%	31/12/16	31/12/15	%
Impairment loss of financial asset, available-for-sale	(i)	-	(240)	N.M.	-	(240)	N.M.
Impairment loss of deferred development costs	(ii)	-	(2,288)	N.M.	-	(2,288)	N.M.
Loss on winding up of subsidiaries	(iii)	-	(2,136)	N.M.	-	(2,136)	N.M.
Indemnity compensation and post contractual remuneration	(iv)	-	-	N.M.	-	(2,310)	N.M.
Reversal of sales commission accrued	(v)	-	-	N.M.	-	999	N.M.
		-	(4,664)	N.M.	-	(5,975)	N.M.

Note

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

N.M. : Not meaningful

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

	Group			Group		
	3 months ended			12 months ended		
	31/12/16	31/12/15	%	31/12/16	31/12/15	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Profit for the period is arrived at after charging/(crediting) :-						
Investment income	-	-	-	-	-	-
Other income including interest income	(2,642)	(1,405)	88%	(6,058)	(7,028)	-14%
Amortisation of deferred gain	(266)	(266)	N.M.	(1,063)	(1,063)	N.M.
Interest on borrowings	382	374	2%	1,523	1,545	-1%
Depreciation of property, plant and equipment	4,205	3,986	5%	16,123	18,064	-11%
Amortisation of intangible assets	392	170	131%	1,101	1,205	-9%
(Write-back)/Allowance for doubtful debts and bad debts written off	44	70	-37%	17	(47)	N.M.
(Write back)/Allowance for inventory obsolescence	455	1,163	-61%	450	1,452	-69%
Foreign exchange (gain)/loss, net	(1,218)	(17)	7065%	(329)	(846)	-61%
Adjustments for (over)/under provision of tax in respect of prior years	(17)	(125)	-86%	(468)	(456)	3%
(Gain)/Loss on disposal of property, plant and equipment, net	(34)	(46)	-26%	(148)	(321)	-54%
Property, plant and equipment written off	-	3	N.M.	41	53	-23%
Impairment loss of property, plant and equipment	4	18	-78%	4	18	-78%
Exceptional items:-						
Impairment loss of financial asset, available-for-sale	-	240	N.M.	-	240	N.M.
Impairment loss of deferred development costs	-	2,288	N.M.	-	2,288	N.M.
Loss on winding up of subsidiaries	-	2,136	N.M.	-	2,136	N.M.
Indemnity compensation and post contractual remuneration	-	-	N.M.	-	2,310	N.M.
Reversal of sales commission accrued	-	-	N.M.	-	(999)	N.M.

N.M. : Not meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of immediately preceding financial year.

	Group		Company	
	31/12/16 \$'000	31/12/15 \$'000	31/12/16 \$'000	31/12/15 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	100,022	97,713	-	-
Subsidiaries	-	-	127,347	127,229
Financial asset, available-for-sale	4,132	4,132	4,132	4,132
Intangible assets	25,184	23,810	-	-
Deferred income tax assets	2,214	2,506	-	-
Other receivables, deposits and prepayments	1,661	1,935	-	-
Total non-current assets	<u>133,213</u>	<u>130,096</u>	<u>131,479</u>	<u>131,361</u>
CURRENT ASSETS				
Inventories	109,274	98,924	-	-
Trade receivables	90,668	87,411	-	-
Receivable from subsidiaries	-	-	282	662
Dividends receivable from subsidiaries	-	-	4,210	4,127
Other receivables, deposits and prepayments	10,631	8,199	13	19
Receivable from an associated company	108	-	-	-
Tax recoverable	619	126	-	-
Cash and cash equivalents	18,482	14,719	5,044	3,667
Total current assets	<u>229,782</u>	<u>209,379</u>	<u>9,549</u>	<u>8,475</u>
Total assets	<u>362,995</u>	<u>339,475</u>	<u>141,028</u>	<u>139,836</u>
CURRENT LIABILITIES				
Trade payables	51,523	45,004	-	-
Other payables, accruals and provisions	30,385	28,997	377	381
Deferred gain	797	1,063	-	-
Borrowings	57,420	50,114	-	-
Income tax payable	2,059	2,510	3	3
Total current liabilities	<u>142,184</u>	<u>127,688</u>	<u>380</u>	<u>384</u>
NON-CURRENT LIABILITIES				
Deferred gain	-	797	-	-
Borrowings	1,322	1,786	-	-
Retirement benefit obligations	1,474	-	-	-
Deferred income tax liabilities	3,343	3,600	-	-
Total non-current liabilities	<u>6,139</u>	<u>6,183</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>148,323</u>	<u>133,871</u>	<u>380</u>	<u>384</u>
NET ASSETS	<u>214,672</u>	<u>205,604</u>	<u>140,648</u>	<u>139,452</u>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	100,031	99,659	100,031	99,659
Foreign currency translation reserve	(29,302)	(25,961)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	167	(15)	167	(15)
Statutory reserve fund	2,284	1,622	-	-
Share option reserve	1,723	1,787	1,723	1,787
Other reserve	(994)	-	-	-
Retained profits	136,398	124,194	38,727	38,021
	<u>212,652</u>	<u>203,631</u>	<u>140,648</u>	<u>139,452</u>
Non-controlling interests	2,020	1,973	-	-
TOTAL EQUITY	<u>214,672</u>	<u>205,604</u>	<u>140,648</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 31/12/16	
Secured \$'000	Unsecured \$'000
36,137	21,283

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

Amount repayable after one year

As at 31/12/16	
Secured \$'000	Unsecured \$'000
278	1,044

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 December 2016 are as follows:

	<u>Note</u>	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	27,594	735	28,329
Other short-term borrowings	(ii)	8,136	20,189	28,325
Finance lease	(iii)	287	-	287
Term Loans	(iv)	398	1,403	1,801
		<u>36,415</u>	<u>22,327</u>	<u>58,742</u>

(i) bank overdrafts of :-

(a) \$27,200,000 is secured by mortgage over properties, pledged on the trade receivables and inventories of all subsidiaries of the Company in The Netherlands; and

(b) \$394,000 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 are secured by pledged on the trade receivables of certain subsidiaries in China.

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

(iv) term loans are secured by exclusive charged on the entire present and future current and fixed assets of a subsidiary in India.

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
	31/12/16	31/12/15	31/12/16	31/12/15
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit after tax	4,440	1,025	15,969	9,603
Adjustments for:				
Income tax expense	355	770	4,317	5,122
Exchange differences	50	(1,037)	(711)	(976)
Employee share option expense	39	-	118	244
Depreciation of property, plant and equipment	4,205	3,986	16,123	18,064
Loss/(Gain) on disposal of property, plant and equipment, net	(34)	(46)	(148)	(321)
Property, plant and equipment written off	-	3	41	53
Interest income	(40)	(60)	(162)	(214)
Interest expense	382	374	1,523	1,545
Amortisation of deferred gain	(266)	(266)	(1,063)	(1,063)
Amortisation of intangible assets	392	170	1,101	1,205
Impairment loss of financial asset, available-for-sale	-	240	-	240
Impairment loss of deferred development costs	-	2,288	-	2,288
Loss on winding up of subsidiaries	-	2,136	-	2,136
Impairment loss of property, plant and equipment	4	18	4	18
Operating cash flow before working capital changes	<u>9,527</u>	<u>9,601</u>	<u>37,112</u>	<u>37,944</u>
Changes in operating assets and liabilities :				
Inventories	(9,094)	(2,748)	(11,661)	(7,944)
Receivables	(1,543)	(3,513)	(6,374)	(1,905)
Payables	3,797	2,272	4,230	(5,169)
Associated company	60	-	(109)	-
Cash flows generated from operations	<u>2,747</u>	<u>5,612</u>	<u>23,198</u>	<u>22,926</u>
Tax paid	(1,260)	(1,020)	(5,190)	(3,444)
Interest paid	(382)	(425)	(1,532)	(1,584)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>1,105</u>	<u>4,167</u>	<u>16,476</u>	<u>17,898</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	40	60	162	214
Additions of intangible assets	(375)	(1,630)	(2,688)	(2,890)
Purchase of property, plant and equipment (Note 1)	(3,285)	(5,110)	(15,328)	(13,707)
Proceeds from disposal of property, plant and equipment	88	10	299	532
NET CASH USED IN INVESTING ACTIVITIES	<u>(3,532)</u>	<u>(6,670)</u>	<u>(17,555)</u>	<u>(15,851)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital	210	-	372	32
Repayment of finance lease liabilities	(67)	(9)	(282)	(310)
Repayment of short term bank borrowings	(34,331)	(26,837)	(133,790)	(108,911)
Repayment of term loans	(136)	(451)	(1,931)	(1,780)
Proceeds from short term bank borrowings	34,521	25,160	140,026	104,883
Proceeds from term loans	442	315	1,204	931
Dividend paid to shareholders	-	-	(3,039)	(4,047)
(Placement)/Withdrawal of fixed deposits pledged as securities	(5)	268	(3)	49
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	<u>634</u>	<u>(1,554)</u>	<u>2,557</u>	<u>(9,153)</u>
Net (decrease)/increase in cash and cash equivalents	(1,793)	(4,057)	1,478	(7,106)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	(8,188)	(8,177)	(11,613)	(4,929)
Effect of exchange rate changes on cash and cash equivalents	15	621	169	422
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	<u>(9,966)</u>	<u>(11,613)</u>	<u>(9,966)</u>	<u>(11,613)</u>

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

	Group		Group	
	3 months ended 31/12/16	31/12/15	12 months ended 31/12/16	31/12/15
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents at end of the financial period/year comprise:				
Short term fund placed with a Malaysian financial institution	2,956	3,084	2,956	3,084
Deposits with licensed banks	442	116	442	116
Cash and bank balances	15,084	11,519	15,084	11,519
Bank overdrafts	(28,329)	(26,216)	(28,329)	(26,216)
	(9,847)	(11,497)	(9,847)	(11,497)
Less: Deposits pledged as securities	(119)	(116)	(119)	(116)
	(9,966)	(11,613)	(9,966)	(11,613)

Note 1 :

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$20,417,000 (31.12.2015: \$15,746,000) of which \$112,000 (31.12.2015: \$51,000) was acquired by means of finance lease arrangement and \$4,977,000 (31.12.2015: \$1,988,000) was included in other payables at balance sheet date. Cash payments of \$15,328,000 (31.12.2015: \$13,707,000) were made to purchase these property, plant and equipment.

1(d) Consolidated statement of comprehensive income

	3 months ended		12 months ended	
	31/12/16	31/12/15	31/12/16	31/12/15
	\$'000	\$'000	\$'000	\$'000
<u>Statement of Comprehensive Income</u>				
Profit for the period/year	4,440	1,025	15,969	9,603
<i>Item that will not be reclassified subsequently to income statement :</i>				
- Remeasurement of defined benefit obligation	(994)	-	(994)	-
<i>Item that may be reclassified subsequently to income statement :</i>				
- Currency translation differences arising from consolidation	(1,100)	(1,534)	(3,358)	(8,683)
Total comprehensive income/(loss) for the period/year	2,346	(509)	11,617	920
Attributable to:				
Equity holders of the Company	2,180	(660)	11,570	486
Non-controlling interests	166	151	47	434
Total comprehensive income/(loss) for the period/year	2,346	(509)	11,617	920

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 2016 and 31 December 2015

	Attributable to equity holders of the Company										
	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Merger Reserve \$'000	Capital Reserve \$'000	Statutory Reserve Fund \$'000	Share Option Reserve \$'000	Other Reserve \$'000	Retained Profits \$'000	Total \$'000	Non-Controlling Interests \$'000	Total Equity \$'000
The Group											
At 1 October 2016	99,821	(28,114)	2,345	72	1,867	1,779	-	132,453	210,223	1,854	212,077
Profit for the quarter	-	-	-	-	-	-	-	4,362	4,362	78	4,440
Other comprehensive income/(loss):											
Remeasurement of defined benefit obligation	-	-	-	-	-	-	(994)	-	(994)	-	(994)
Currency translation differences arising from consolidation	-	(1,188)	-	-	-	-	-	-	(1,188)	88	(1,100)
Total comprehensive income/(loss) for the quarter	-	(1,188)	-	-	-	-	(994)	4,362	2,180	166	2,346
<i>Transactions with owners recognised directly in equity</i>											
Transfer to statutory reserve fund	-	-	-	-	417	-	-	(417)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	39	-	-	39	-	39
- Issue of share capital	210	-	-	95	-	(95)	-	-	210	-	210
	210	-	-	95	417	(56)	-	(417)	249	-	249
At 31 December 2016	100,031	(29,302)	2,345	167	2,284	1,723	(994)	136,398	212,652	2,020	214,672
At 1 October 2015	99,659	(24,431)	2,345	(15)	1,490	1,787	-	123,456	204,291	1,822	206,113
Profit for the quarter	-	-	-	-	-	-	-	870	870	155	1,025
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	(1,530)	-	-	-	-	-	-	(1,530)	(4)	(1,534)
Total comprehensive income/(loss) for the quarter	-	(1,530)	-	-	-	-	-	870	(660)	151	(509)
<i>Transactions with owners recognised directly in equity</i>											
Transfer to/(from) statutory reserve fund	-	-	-	-	132	-	-	(132)	-	-	-
	-	-	-	-	132	-	-	(132)	-	-	-
At 31 December 2015	99,659	(25,961)	2,345	(15)	1,622	1,787	-	124,194	203,631	1,973	205,604
	Attributable to equity holders of the Company										
	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Merger Reserve \$'000	Capital Reserve \$'000	Statutory Reserve Fund \$'000	Share Option Reserve \$'000	Other Reserve \$'000	Retained Profits \$'000	Total \$'000		
The Company											
At 1 October 2016	99,821	-	-	72	-	1,779	-	34,917	136,589		
Total comprehensive income for the quarter	-	-	-	-	-	-	-	3,810	3,810		
<i>Transactions with owners recognised directly in equity</i>											
Employee share option scheme - Value of employee services	-	-	-	-	-	39	-	-	39		
- Issue of share capital	210	-	-	95	-	(95)	-	-	210		
	210	-	-	95	-	(56)	-	-	249		
At 31 December 2016	100,031	-	-	167	-	1,723	-	38,727	140,648		
At 1 October 2015	99,659	-	-	(15)	-	1,787	-	41,826	143,257		
Total comprehensive income for the quarter	-	-	-	-	-	-	-	(3,805)	(3,805)		
At 31 December 2015	99,659	-	-	(15)	-	1,787	-	38,021	139,452		

(b) Statement of changes in equity for the twelve months ended 31 December 2016 and 31 December 2015

	Attributable to equity holders of the Company										
	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Merger Reserve \$'000	Capital Reserve \$'000	Statutory Reserve Fund \$'000	Share Option Reserve \$'000	Other Reserve \$'000	Retained Profits \$'000	Total \$'000	Non- Controlling Interests \$'000	Total Equity \$'000
The Group											
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 year	-	-	-	-	-	-	-	15,905	15,905	64	15,969
Other comprehensive income/(loss):											
Remeasurement of defined benefit obligation	-	-	-	-	-	-	(994)	-	(994)	-	(994)
Currency translation differences arising from consolidation	-	(3,341)	-	-	-	-	-	-	(3,341)	(17)	(3,358)
Total comprehensive income/(loss) for the year	-	(3,341)	-	-	-	-	(994)	15,905	11,570	47	11,617
<i>Transactions with owners recognised directly in equity</i>											
Transfer to statutory reserve fund	-	-	-	-	662	-	-	(662)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	118	-	-	118	-	118
- Issue of share capital	372	-	-	182	-	(182)	-	-	372	-	372
Dividend Paid	-	-	-	-	-	-	-	(3,039)	(3,039)	-	(3,039)
	372	-	-	182	662	(64)	-	(3,701)	(2,549)	-	(2,549)
At 31 December 2016	100,031	(29,302)	2,345	167	2,284	1,723	(994)	136,398	212,652	2,020	214,672
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 year	-	-	-	-	-	-	-	9,221	9,221	382	9,603
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	(8,735)	-	-	-	-	-	-	(8,735)	52	(8,683)
Total comprehensive income/(loss) for the year	-	(8,735)	-	-	-	-	-	9,221	486	434	920
<i>Transactions with owners recognised directly in equity</i>											
Transfer to/(from) statutory reserve fund	-	-	-	-	580	-	-	(580)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	244	-	-	244	-	244
- Issue of share capital	32	-	-	12	-	(12)	-	-	32	-	32
Transfer arising from forfeited share options	-	-	-	-	-	(66)	-	66	-	-	-
Dividend Paid	-	-	-	-	-	-	-	(4,047)	(4,047)	-	(4,047)
	32	-	-	12	580	166	-	(4,561)	(3,771)	-	(3,771)
At 31 December 2015	99,659	(25,961)	2,345	(15)	1,622	1,787	-	124,194	203,631	1,973	205,604

	Attributable to equity holders of the Company								
	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Merger Reserve \$'000	Capital Reserve \$'000	Statutory Reserve Fund \$'000	Share Option Reserve \$'000	Other Reserve \$'000	Retained Profits \$'000	Total \$'000
The Company									
At 1 January 2016	99,659	-	-	(15)	-	1,787	-	38,021	139,452
Total comprehensive loss for the year	-	-	-	-	-	-	-	3,745	3,745
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Value of employee services	-	-	-	-	-	118	-	-	118
- Issue of share capital	372	-	-	182	-	(182)	-	-	372
Dividend paid	-	-	-	-	-	-	-	(3,039)	(3,039)
	372	-	-	182	-	(64)	-	(3,039)	(2,549)
At 31 December 2016	100,031	-	-	167	-	1,723	-	38,727	140,648
At 1 January 2015	99,627	-	-	(27)	-	1,621	-	45,117	146,338
Total comprehensive income for the year	-	-	-	-	-	-	-	(3,049)	(3,049)
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Value of employee services	-	-	-	-	-	244	-	-	244
- Issue of share capital	32	-	-	12	-	(12)	-	-	32
Reversal arising from forfeited share options	-	-	-	-	-	(66)	-	-	(66)
Dividend paid	-	-	-	-	-	-	-	(4,047)	(4,047)
	32	-	-	12	-	166	-	(4,047)	(3,837)
At 31 December 2015	99,659	-	-	(15)	-	1,787	-	38,021	139,452

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 380,000, 380,000 and 390,000 new ordinary shares pursuant to the Company's employee share option scheme at the exercise price of \$0.155, \$0.168 and \$0.224 each respectively. There are no treasury shares held as at the end of the current quarter.

	Total number of issued shares as at	
	31/12/16	31/12/15
Number of issued shares	406,642,409	404,662,409
Number of treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>406,642,409</u>	<u>404,662,409</u>

Share options

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

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 1.10.2016	Granted during the period	Forfeited during the period	Exercised during the period	As at 31.12.2016		
1.12.2008 (2008 Option)	2,746,000	0	0	(380,000)	2,366,000	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	3,584,000	0	0	(380,000)	3,204,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	5,275,000	0	0	(390,000)	4,885,000	\$0.224	1.12.2012 - 30.11.2020
7.10.2013 (2013 Option)	5,200,000	0	0	0	5,200,000	\$0.208	7.10.2015 - 6.10.2023
1.4.2016 (2016 Option)	3,000,000	0	0	0	3,000,000	\$0.184	1.4.2018 - 31.3.2026
	<u>19,805,000</u>	<u>0</u>	<u>0</u>	<u>(1,150,000)</u>	<u>18,655,000</u>		

	Total number of shares as at	
	31/12/16	31/12/15
Total number of shares that may be issued on exercise of share options outstanding	<u>18,655,000</u>	<u>17,635,000</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.

	As at	
	31/12/16	31/12/15
Total number of issued shares excluding treasury shares	<u>406,642,409</u>	<u>404,662,409</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 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		Group 12 months ended	
	31/12/16	31/12/15	31/12/16	31/12/15
Earnings per ordinary share of the Group based on net profit attributable to the shareholders of the Company:				
(i) Based on weighted average number of shares (in cents)	1.08	0.21	3.93	2.28
- Weighted average number of shares (in thousand)	405,714	404,662	405,156	404,623
(ii) On a fully diluted basis (in cents)	1.07	0.21	3.90	2.27
- Adjusted weighted average number of shares (in thousand)	409,087	405,732	407,592	406,014

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

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	31/12/16	31/12/15	31/12/16	31/12/15
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	52.29	50.32	34.59	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 31.12.2016 of 406,642,409 (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
FY2016 (S\$'000)	114,017	120,513	120,707	111,182	466,419
FY2015 (S\$'000)	111,681	116,924	107,667	103,108	439,380
yoy (%)	2.1	3.1	12.1	7.8	6.2

For the 12 months ended 31 December 2016 ("FY2016"), Group revenue increased 6.2% to S\$466.4 million from S\$439.4 million in FY2015. This was due principally to increased sales of the Mechatronics Division.

Revenue breakdown by Business Segment

Sales	4Q16	4Q15	yoy	FY2016	FY2015	yoy
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
MECHATRONICS DIVISION						
Semiconductor	15,540	12,703	22.3	74,390	64,100	16.1
Medical	15,081	15,105	(0.2)	63,780	61,366	3.9
Analytical	21,680	21,057	3.0	85,230	83,801	1.7
Industrial Automation	10,478	9,164	14.3	59,440	48,043	23.7
Others	6,789	2,474	174.4	19,090	16,436	16.1
Mechatronics Total	69,568	60,503	15.0	301,930	273,746	10.3
IMS DIVISION						
Automotive	32,138	30,555	5.2	126,156	119,571	5.5
Office Automation	1,015	1,029	(1.4)	3,753	8,090	(53.6)
Consumer & Industrial						
Electronics	4,774	5,127	(6.9)	20,315	22,250	(8.7)
Others	260	430	(39.5)	737	1,550	(52.5)
Tooling	3,427	5,460	(37.2)	13,520	14,156	(4.5)
IMS Total	41,614	42,601	(2.3)	164,481	165,617	(0.7)

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

Revenue at the Mechatronics Division improved 10.3% to S\$301.9 million in FY2016 from S\$273.7 million in FY2015. This was driven by a broad-based increase in sales across the division's business segments.

The higher sales from the semiconductor segment in FY2016 was attributable mainly to increased orders for products that are related to front-end and back-end semiconductor equipment. Sales of the industrial automation segment, which is typically lumpy in nature, increased in FY2016 due primarily to higher sales of production equipment for storage drives. The medical and analytical segments posted moderate increases in sales during FY2016.

Revenue at the IMS Division was stable at S\$164.5 million in FY2016. While sales derived from the automotive segment increased by 5.5%, this was offset by lower sales of the consumer & industrial electronics as well as the office automation segments. The decline in sales from office automation segment is in line with the Group's strategy to reduce its focus on this product segment.

Gross Profit Margin

In tandem with higher sales, the Group's gross profit increased 5.1% to S\$70.8 million in FY2016 from S\$67.3 million in FY2015. Gross profit margin in FY2016 remained stable at 15.2% compared to 15.3% in FY2015.

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

Other income, net of other operating expenses, decreased to S\$4.5 million in FY2016 from S\$4.8 million in FY2015 due mainly to lower net foreign exchange gain.

Selling and Administrative Expenses

Selling and distribution expenses in FY2016 were largely unchanged at S\$11.3 million compared to S\$11.2 million in FY2015. Administrative and general expenses increased 8.8% to S\$42.4 million in FY2016 due mainly to higher staff costs.

Finance Costs

Finance costs remained relatively stable at S\$1.5 million in FY2016 compared to FY2015.

Group Profit before Income Tax

The Group's profit before income tax (PBT) increased 37.8% to S\$20.3 million in FY2016 from S\$14.7 million in FY2015. The increase was due mainly to the absence of exceptional items in FY2016 as compared to a charge of S\$6.0 million in FY2015. Excluding the exceptional items, the Group's PBT in FY2016 was S\$20.3 million, a marginal decline of 2.0% from S\$20.7 million in FY2015.

Group Net Profit Attributable to Equity Holders of the Company

	1Q	2Q	3Q	4Q	Full Year
FY2016 (S\$'000)	3,060	4,104	4,379	4,362	15,905
FY2015 (S\$'000)	439	4,125	3,787*	870 [#]	9,221
yoy (%)	597.0	(0.5)	15.6	401.4	72.5

*including exceptional items totaling S\$1.3 million

[#]including exceptional items totaling S\$4.7 million

After accounting for income tax of S\$4.3 million, the Group reported net profit attributable to equity holders (PATMI) of S\$15.9 million in FY2016, an increase of 72.5% from S\$9.2 million in FY2015.

The Mechatronics Division recorded a 71.3% increase in net profit to S\$15.3 million in FY2016 compared to S\$8.9 million in FY2015. The IMS Division recorded a 11.6% decrease in net profit to S\$0.8 million in FY2016 compared to S\$0.9 million in FY2015.

Dividend Payment

The Board of Directors has recommended a first and final dividend payment of 1.20 cents per share (one-tier tax exempt) in respect of FY2016 for approval by shareholders at the forthcoming Annual General Meeting on 27 April 2017.

Balance Sheet

As at 31 December 2016, the Group had shareholders' equity of S\$212.7 million, equivalent to net asset value of 52.29 cents per share based on the total number of issued shares of 406.6 million shares.

Total assets as at 31 December 2016 increased to S\$363.0 million from S\$339.5 million at the end of December 2015. Cash and cash equivalents increased to S\$18.5 million from S\$14.7 million as at 31 December 2015. Inventories increased to S\$109.3 million from S\$98.9 million at the end of FY2015 to meet the fulfillment of orders to customers. Trade receivables also increased to S\$90.7 million as at 31 December 2016 from S\$87.4 million as at 31 December 2015 in line with higher sales.

Trade payables increased to S\$51.5 million as at 31 December 2016 from S\$45.0 million at the end of FY2015, attributed to higher purchases of materials required to fulfill customers' orders.

The retirement benefit obligation of S\$1.5 million as at 31 December 2016 was in respect for a pension plan for a subsidiary in Switzerland.

The Group had net bank borrowings of S\$40.3 million as at 31 December 2016, compared to S\$37.2 million at the end of FY2015. The Group's net debt-to-equity ratio as at 31 December 2016 was 18.8%, which is slightly higher than 18.3% as at 31 December 2015.

Cash Flow Analysis

The Group generated net cash from operating activities of S\$16.5 million in FY2016. Net cash used in investing activities amounted to S\$17.6 million in FY2016, attributable mainly to capital expenditure. The Group generated net cash of S\$2.6 million from financing activities in FY2016, due mainly to net proceeds derived from short term borrowings which was partially offset by dividends paid to shareholders in respect of FY2015.

As a result of the above, the Group recorded a net increase in cash and cash equivalents of S\$1.5 million during FY2016. When added to its opening cash and cash equivalents of minus S\$11.6 million at the beginning of FY2016 and after accounting for 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\$10.0 million as at 31 December 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 FY2016 are in line with the guidance provided in its financial statements posted on the SGX website on 10 November 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 global economy is expected to remain sluggish as the increased political uncertainties and volatility in the financial markets pose downside risks and clouds the economic outlook. Coupled with weak growth projections from the technology sector, the business environment will continue to be challenging in 2017.

The Group's goal is to deliver sustainable and profitable long-term growth. To achieve this, the Group will continue its drive to attain operational excellence and total quality control. In addition, the Group is also developing its human talents within the organisation and working closely with customers to develop the next generation of products and technology. These efforts will enable the Group to progressively strengthen its position as a premier Global Integrated Technology Solutions Company.

Mechatronics Division

Based on current indicators, revenue of the semiconductor and analytical segments are expected to be higher in 1Q17 as compared to 1Q16. Revenue of the medical and industrial automation segments are expected to be softer in 1Q17 compared to 1Q16.

The Group continues 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. In addition to raising the level of technology, the Group's efforts to improve employees' skill sets and increase productivity will enable the Mechatronics Division to strengthen its market position. On the customer front, the Group continues to pursue and win business from its global customers.

IMS Division

Based on current indicators, revenue of the automotive segment in 1Q17 is expected to be comparable to 1Q16. Revenue contribution from the office automation, and consumer & industrial electronics segments will be lower year-on-year in 1Q17.

The Group has on 13 January 2017 announced the Proposed Disposal of Precico Electronics Sdn Bhd ("PESB"). The Proposed Disposal represents an opportunity for the Group to unlock and realise the value of PESB at a profit. The Company will be seeking approval of Shareholders for the Proposed Disposal at an extraordinary general meeting to be convened.

Moving forward, the Group will continue to enhance the IMS Division's capabilities in the automotive segment by making appropriate capital investments to expand production capacity and incorporate new solutions at its operating sites in the region, as well as expand its overall capability.

11. Dividend

(a) Current Financial Period Reported on

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

Yes

The Directors are pleased to recommend a first and final exempt (one-tier) dividend in respect of the financial year ended 31 December 2016 of 1.20 cents per ordinary share for approval by shareholders at the forthcoming Annual General Meeting to be convened on 27 April 2017.

Name of Dividend	Ordinary Tax Exempt
Dividend Type	Cash
Dividend amount per share (in cents)	1.20 cents per ordinary share
Par value of shares	Not applicable
Tax Rate	Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes

The Directors recommended a first and final exempt (one-tier) dividend in respect of the financial year ended 31 December 2015 of 0.75 cents per ordinary share which was approved by shareholders at the Annual General Meeting convened on 28 April 2016.

Name of Dividend	Ordinary Tax Exempt
Dividend Type	Cash
Dividend amount per share (in cents)	0.75 cents per ordinary share
Par value of shares	Not applicable
Tax Rate	Not applicable

(c) Date Payable

The proposed dividend, if approved at the Annual General Meeting, will be paid on 12 May 2017.

(d) Books closure date

Notice is also hereby given that the Share Transfer Books and the Register of Members of the Company will be closed on Friday, 5 May 2017 for the purpose of determining the entitlement of Shareholders to the Final Dividend.

Duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), 80 Robinson Road, #02-00, Singapore 068898, up to the close of business at 5.00 p.m. on Thursday, 4 May 2017 will be registered to determine Shareholder's entitlements to the Final Dividend.

12. If no dividend has been declared/ recommended, a statement to that effect.

Not applicable.

PART 11- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

13 (a) Business segments

FY2016

	Mechatronics \$'000	Integrated Manufacturing Services \$'000	Investment Holding \$'000	Eliminations \$'000	Total \$'000
Turnover					
External revenue	301,930	164,481	8	-	466,419
Inter-segment sales	-	-	1,068	(1,068)	-
	<u>301,930</u>	<u>164,481</u>	<u>1,076</u>	<u>(1,068)</u>	<u>466,419</u>
Segment results	18,975	2,970	(298)	-	21,647
Interest income	21	92	134	(85)	162
Finance costs	(547)	(1,061)	-	85	(1,523)
Profit before income tax					<u>20,286</u>
Income tax expense	(3,227)	(1,085)	(5)	-	(4,317)
Total profit					<u>15,969</u>
Segment assets	<u>185,901</u>	<u>164,269</u>	<u>12,825</u>	-	<u>362,995</u>
Segment liabilities	<u>86,881</u>	<u>60,929</u>	<u>513</u>	-	<u>148,323</u>
Other segment information:					
Capital expenditure	9,636	10,774	7	-	20,417
Addition of intangible assets	405	2,283	-	-	2,688
Depreciation and amortisation	6,409	10,809	6	-	17,224
Other non-cash expenses other than depreciation and amortisation	41	122	-	-	163
Amortisation of deferred gain	1,063	-	-	-	1,063

FY2015

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

13 (b) Geographical segments

	Revenue from external customers		Non-current assets	
	FY2016 \$'000	FY2015 \$'000	FY2016 \$'000	FY2015 \$'000
Based on location of customer				
The Netherlands	111,370	101,280	49,187	46,539
Republic of China	91,323	72,547	20,988	21,883
Singapore	40,759	40,290	8,222	9,388
Czech Republic	41,039	41,400	-	-
Malaysia	44,972	41,951	39,754	39,864
Germany	20,044	27,402	-	-
United Kingdom	451	4,011	-	-
America	20,994	27,804	3,762	633
Hungary	31,743	25,008	-	-
Thailand	8,182	10,884	2,321	2,681
Switzerland	12,964	13,031	2,114	1,798
Others	42,578	33,772	4,651	4,804
	<u>466,419</u>	<u>439,380</u>	<u>130,999</u>	<u>127,590</u>

13 (c) Information about major customers

Included in revenues arising from Mechatronics division of \$301,930,000 (2015 : \$273,746,000) are revenues of approximately \$57,718,000 (2015 : \$52,400,000) which arose from sales to the Group's largest customer.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8.

15. A breakdown of sales.

	31/12/2016 \$'000	31/12/2015 \$'000	% increase/ (decrease)
Sales reported for first half year	234,530	228,605	2.6%
Operating profit after tax before deducting minority interests reported for first half year	7,192	4,694	53.2%
Sales reported for second half year	231,889	210,775	10.0%
Operating profit/(loss) after tax before deducting minority interests reported for second half year	8,777	4,909	78.8%

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

	Latest Full Year 2016 \$'000	Previous Full Year 2015 \$'000
Ordinary Dividend	4,880	3,035
Preference Dividend	-	-
Total	<u>4,880</u>	<u>3,035</u>

17. Interested Person Transactions

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000)	
	31/12/16	31/12/15
Not applicable.	-	-

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13), Frencken Group Limited confirms that there is no person occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

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

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

BY ORDER OF THE BOARD

Mohamad Anwar Au
Executive Director
23-Feb-17