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		
	31/12/11 $'000	31/12/10 $'000	% Change	31/12/11 $'000	31/12/10 $'000	% Change
Revenue	86,222	97,202	-11.3%	335,547	351,796	-4.6%
Cost of sales	(78,652)	(85,996)	-8.5%	(301,776)	(307,317)	-1.8%
Gross profit	7,570	11,206	-32.4%	33,771	44,479	-24.1%
Other income	1,958	2,535	-22.8%	4,068	4,681	-13.1%
Selling and distribution expenses	(2,227)	(2,146)	3.8%	(7,496)	(7,528)	-0.4%
Administrative and general expenses	(4,409)	(4,287)	2.8%	(17,285)	(16,813)	2.8%
Other operating expenses	(915)	(485)	88.7%	(967)	(2,341)	-58.7%
Interest income	94	92	2.2%	489	508	-3.7%
Finance costs	(102)	(300)	-66.0%	(426)	(1,379)	-69.1%
Profit before income tax and exceptional item	1,969	6,615	-70.2%	12,154	21,607	-43.7%
Exceptional items (Refer **Note 1**)	(4,358)	-	N.M.	(4,358)	-	N.M.
(Loss)/Profit before income tax	(2,389)	6,615	-136.1%	7,796	21,607	-63.9%
Income tax expense	912	(905)	-200.8%	(1,062)	(4,055)	-73.8%
Net (loss)/profit attributable to equity holders	(1,477)	5,710	-125.9%	6,734	17,552	-61.6%

Note 1 - Exceptional items comprise:-	Note						
Provision for settlement of product liability claim	(i)	(3,088)	-	N.M.	(3,088)	-	N.M.
Impairment loss of financial asset, available-for-sale	(ii)	(700)	-	N.M.	(700)	-	N.M.
Professional fees for proposed acquisition	(iii)	(570)	-	N.M.	(570)	-	N.M.
		(4,358)	-	N.M.	(4,358)	-	N.M.

Note

(i) A product model delivered to a customer of the Mechatronics Division was found to have a substandard component that was supplied by a sub-contractor of the Group. It was brought to the Group's knowledge after delivery of the product to customer that the sub-contractor had violated the terms of its supplier agreement with the Group, and supplied a component that was not manufactured according to the approved production process. As a reliable partner to its customers, the Group accepted responsibility for the potentially faulty component supplied by its sub-contractor and has reached an amicable settlement with the customer. The Group shall pay to the customer, a compensation sum for replacement of the component in the installed base of the customer, as well as supply adequate replacement components. A provision of $3,088,000 was made for the compensation.

(ii) This is in respect of impairment loss on investment in MTIC Holdings Pte. Ltd.

(iii) This is in respect of professional fees incurred in relation to the proposed acquisition of Juken Technology Limited

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		
	31/12/11	31/12/10	%	31/12/11	31/12/10	%
	$'000	$'000	Change	$'000	$'000	Change
Profit for the period is arrived at after charging/(crediting) :-						
Investment income	-	-	-	-	-	-
Other income including interest income	(2,052)	(2,627)	-21.9%	(4,557)	(5,189)	-12.2%
Interest on borrowings	102	300	-66.0%	426	1,379	-69.1%
Depreciation of property, plant and equipment	3,142	2,803	12.1%	11,902	11,336	5.0%
Amortisation of deferred development costs	33	-	N.M.	33	-	N.M.
(Write-back)/Allowance for doubtful debts and bad debts written off	46	130	-64.6%	(386)	350	N.M.
(Write back)/Allowance for inventory obsolescence	428	52	723.1%	992	937	5.9%
Impairment in value of investments	-	-	-	-	-	-
Foreign exchange (gain)/ loss, net	86	511	-83.2%	477	2,201	-78.3%
Adjustments for (over)/ under provision of tax in respect of prior years	180	(132)	N.M.	302	(49)	N.M.
(Gain)/Loss on disposal of property, plant and equipment	(173)	(1,596)	-89.2%	(206)	(1,707)	-87.9%
Property, plant and equipment written off	1	15	-93.3%	27	18	50.0%
Exceptional items :-						
Provision for settlement of product liability claim	3,088	-	N.M.	3,088	-	N.M.
Impairment loss of financial asset, available-for-sale	700	-	N.M.	700	-	N.M.
Professional fees for proposed acquisition	570	-	N.M.	570	-	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	
	31/12/11 $'000	31/12/10 $'000	31/12/11 $'000	31/12/10 $'000
NON-CURRENT ASSETS				
Property, plant and equipment	74,729	66,562	-	-
Investments in subsidiaries	-	-	74,371	73,594
Financial asset, available-for-sale	5,700	6,400	5,700	6,400
Goodwill arising on consolidation	10,358	10,358	-	-
Deferred income tax assets	3,559	1,335	-	-
Deferred development costs	1,885	1,379	-	-
Other receivables, deposits and prepayments	4,556	4,278	-	-
	100,787	90,312	80,071	79,994
CURRENT ASSETS				
Inventories	70,830	62,028	-	-
Trade receivables	69,963	69,655	-	-
Receivables from subsidiaries	-	-	5,055	797
Dividends receivable from subsidiaries	-	-	3,637	5,592
Other receivables, deposits and prepayments	4,981	8,571	24	12
Tax recoverable	433	76	-	-
Cash and cash equivalents	35,495	52,998	17,095	20,843
	181,702	193,328	25,811	27,244
Total assets	282,489	283,640	105,882	107,238
CURRENT LIABILITIES				
Trade payables	32,340	39,628	-	-
Other payables, accruals and provisions	26,028	19,256	819	296
Deferred gain	1,063	1,063	-	-
Borrowings	20,447	19,351	-	-
Income tax payable	366	1,089	5	4
	80,244	80,387	824	300
NON CURRENT LIABILITIES				
Deferred gain	5,050	6,113	-	-
Borrowings	35	99	-	-
Deferred income tax liabilities	798	751	-	-
	5,883	6,963	-	-
Total liabilities	86,127	87,350	824	300
NET ASSETS	196,362	196,290	105,058	106,938
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	90,552	90,552	90,552	90,552
Treasury shares	(1,998)	(2,544)	(1,998)	(2,544)
Foreign currency translation reserve	(8,355)	(5,900)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	(102)	-	(102)	-
Statutory reserve fund	506	571	-	-
Share option reserve	1,447	802	1,447	802
Retained profits	111,967	110,464	15,159	18,128
TOTAL EQUITY	196,362	196,290	105,058	106,938

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/11	
Secured $'000	Unsecured $'000
35	20,412

As at 31/12/10	
Secured $'000	Unsecured $'000
6,378	12,973

Amount repayable after one year

As at 31/12/11	
Secured $'000	Unsecured $'000
35	-

As at 31/12/10	
Secured $'000	Unsecured $'000
99	-

Details of any collateral

The secured borrowings of the Group as at 31 December 2011 comprise finance lease liabilities and are secured by certain equipment and motor vehicles of the Group.

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 3 months ended		Group 12 months ended	
	31/12/11 $'000	31/12/10 $'000	31/12/11 $'000	31/12/10 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit attributable to equity holders	(1,477)	5,710	6,734	17,552
Adjustments for:				
Income tax expense	(912)	905	1,062	4,055
Exchange differences	(888)	(40)	(732)	(155)
Employee share option expense	160	136	778	526
Depreciation of property, plant and equipment	3,142	2,803	11,902	11,336
Loss/(Gain) on disposal of property, plant and equipment, net	(173)	(1,596)	(206)	(1,707)
Property, plant and equipment written off	1	15	27	18
Interest income	(94)	(92)	(489)	(508)
Interest expense	102	300	426	1,379
Amortisation of deferred gain	(266)	(266)	(1,063)	(266)
Amortisation of deferred development costs	33	-	33	-
Impairment loss of financial asset, available-for-sale	700		700	-
Operating cash flow before working capital changes	328	7,875	19,172	32,230
Changes in operating assets and liabilities :				
Inventories	2,559	12,283	(9,596)	(10,302)
Receivables	(4,809)	(14,143)	2,422	(24,954)
Payables	2,314	(823)	(813)	12,275
Cash flows generated from operations	392	5,192	11,185	9,249
Tax paid	(2,091)	(1,624)	(4,336)	(4,459)
Tax refunded	-	74	-	280
Interest paid	(20)	(300)	(344)	(1,379)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(1,719)	3,342	6,505	3,691
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	94	92	489	508
Addition of deferred development costs	(121)	(96)	(568)	(1,423)
Purchase of property, plant and equipment **(Note 1)**	(5,801)	(1,944)	(20,327)	(8,829)
Proceeds from disposal of property, plant and equipment	372	21,802	600	21,951
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(5,456)	19,854	(19,806)	12,207
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from re-issuance of treasury shares	-	-	384	-
Purchase of treasury shares	-	-	(73)	(2,544)
Repayment of finance lease liabilities	(76)	(545)	(358)	(870)
Repayment of short term borrowings	(28,230)	(25,620)	(83,810)	(86,153)
Repayment of term loans	-	(6,415)	(6,048)	(7,923)
Proceeds from short term borrowings	29,429	14,766	88,480	82,078
Dividend paid to shareholders	-	-	(5,296)	(2,776)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	1,123	(17,814)	(6,721)	(18,188)
Net (decrease)/increase in cash and cash equivalents	(6,052)	5,382	(20,022)	(2,290)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD / YEAR	38,781	48,315	52,998	61,208
Effect of exchange rate changes on cash and cash equivalents	(54)	(699)	(301)	(5,920)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	32,675	52,998	32,675	52,998

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 3 months ended		Group 12 months ended	
	31/12/11 $'000	31/12/10 $'000	31/12/11 $'000	31/12/10 $'000
Cash and cash equivalents at end of the financial period comprise:				
Short term fund placed with a Malaysian financial institution	17	5,373	17	5,373
Deposits with licensed banks	12,377	22,883	12,377	22,883
Cash and bank balances	23,101	24,742	23,101	24,742
Bank overdrafts	(2,820)	-	(2,820)	-
	32,675	52,998	32,675	52,998

Note 1 :

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $21,216,000 (31.12.2010: $9,503,000) of which $Nil (31.12.2010: $48,000) was acquired by means of finance lease arrangement and $889,000 (31.12.2010: $626,000) included in other payables at balance sheet date. Cash payments of $20,327,000 (31.12.2010: $8,829,000) were made to purchase these property, plant and equipment.

1(d) Consolidated statement of comprehensive income

	3 months ended		12 months ended	
	31/12/11 $'000	31/12/10 $'000	31/12/11 $'000	31/12/10 $'000
Statement of Comprehensive Income				
Net profit attributable to equity holders	(1,477)	5,710	6,734	17,552
Other comprehensive (expense)/ income for the period/year :				
Currency translation differences	(611)	(2,947)	(2,455)	(11,756)
Total comprehensive (expense)/income for the period/year attributable to equity holders	(2,088)	2,763	4,279	5,796

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 2011 and 31 December 2010

	Attributable to equity holders of the Company								Total Equity
The Group	**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 $'000**	**$'000**
At 1 Oct 2011	90,552	(1,998)	(7,744)	2,345	(102)	525	1,287	113,425	198,290
Total comprehensive (expense)/ income for the quarter	-	-	(611)	-	-	-	-	(1,477)	(2,088)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve fund	-	-	-	-	-	(19)	-	19	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	160	-	160
- Treasury shares re-issued	-	-	-	-	-	-	-	-	-
At 31 December 2011	90,552	(1,998)	(8,355)	2,345	(102)	506	1,447	111,967	196,362
At 1 October 2010	90,552	(2,544)	(2,953)	2,345	-	550	666	104,775	193,391
Total comprehensive (expense)/ income for the quarter	-	-	(2,947)	-	-	-	-	5,710	2,763
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve fund	-	-	-	-	-	21	-	(21)	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	136	-	136
At 31 December 2010	90,552	(2,544)	(5,900)	2,345	-	571	802	110,464	196,290

	Attributable to equity holders of the Company								Total Equity
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 $'000**	**$'000**
At 1 Oct 2011	90,552	(1,998)	-	-	(102)	-	1,287	12,793	102,532
Total comprehensive (expense)/ income for the quarter	-	-	-	-	-	-	-	2,366	2,366
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	160	-	160
- Treasury shares re-issued	-	-	-	-	-	-	-	-	-
At 31 December 2011	90,552	(1,998)	-	-	(102)	-	1,447	15,159	105,058
At 1 October 2010	90,552	(2,544)	-	-	-	-	666	12,521	101,195
Total comprehensive (expense)/ income for the quarter	-	-	-	-	-	-	-	5,607	5,607
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	136	-	136
At 31 December 2010	90,552	(2,544)	-	-	-	-	802	18,128	106,938

(b) Statement of changes in equity for the twelve months ended 31 December 2011 and 31 December 2010

	Attributable to equity holders of the Company								Total Equity
The Group	**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 $'000**	**$'000**
At 1 January 2011	90,552	(2,544)	(5,900)	2,345	-	571	802	110,464	196,290
Total comprehensive (expense)/ income for the year	-	-	(2,455)	-	-	-	-	6,734	4,279
Purchase of treasury share	-	(73)	-	-	-	-	-	-	(73)
Transfer to statutory reserve fund	-	-	-	-	-	(65)	-	65	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	778	-	778
- Treasury shares re-issued	-	619	-	-	(102)	-	(133)	-	384
Dividend paid	-	-	-	-	-	-	-	(5,296)	(5,296)
At 31 December 2011	90,552	(1,998)	(8,355)	2,345	(102)	506	1,447	111,967	196,362
At 1 January 2010	90,552	-	5,856	2,345	-	156	276	96,103	195,288
Total comprehensive (expense)/ income for the financial year	-	-	(11,756)	-	-	-	-	17,552	5,796
Purchase of treasury share	-	(2,544)	-	-	-	-	-	-	(2,544)
Transfer to statutory reserve fund	-	-	-	-	-	415	-	(415)	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	526	-	526
Dividend paid	-	-	-	-	-	-	-	(2,776)	(2,776)
At 31 December 2010	90,552	(2,544)	(5,900)	2,345	-	571	802	110,464	196,290

	Attributable to equity holders of the Company								Total Equity
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 $'000**	**$'000**
At 1 January 2011	90,552	(2,544)	-	-	-	-	802	18,128	106,938
Total comprehensive (expense)/ income for the financial year	-	-	-	-	-	-	-	2,327	2,327
Purchase of treasury shares	-	(73)	-	-	-	-	-	-	(73)
Employee share option scheme - Value of employee services	-	-	-	-	-	-	778	-	778
- Treasury shares re-issued	-	619	-	-	(102)	-	(133)	-	384
Dividend paid	-	-	-	-	-	-	-	(5,296)	(5,296)
At 31 December 2011	90,552	(1,998)	-	-	(102)	-	1,447	15,159	105,058
At 1 January 2010	90,552	-	-	-	-	-	276	155	90,983
Total comprehensive (expense)/ income for the financial year	-	-	-	-	-	-	-	20,749	20,749
Purchase of treasury shares	-	(2,544)	-	-	-	-	-	-	(2,544)
Employee share option scheme - Value of employee services	-	-	-	-	-	-	526	-	526
Dividend paid	-	-	-	-	-	-	-	(2,776)	(2,776)
At 31 December 2010	90,552	(2,544)	-	-	-	-	802	18,128	106,938

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

Issued and paid up capital

There were no changes in the Company's share capital for the quarter ended 31 December 2011.

	Total number of issued shares as at	
	31/12/11	**31/12/10**
Number of issued shares	376,184,325	376,184,325
Number of treasury shares acquired	(10,481,000)	(10,227,000)
Number of treasury shares re-issued	2,480,000	-
Total number of issued shares excluding treasury shares	368,183,325	365,957,325

Share options

The movement of share options of the Company during the period from 1 October 2011 to 31 December 2011 is as follows:

Date of grant	Number of ordinary shares under option					Exercise Price	Exercise period
	As at 1.10.2011	Granted during the period	Forfeited during the period	Exercised during the period	As at 31.12.2011		
1.12.2008 (2008 Option)	5,900,000	-	-	-	5,900,000	$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	8,310,000	-	(200,000)	-	8,110,000	$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	8,870,000	-	(190,000)	-	8,680,000	$0.224	1.12.2012 - 30.11.2020
	23,080,000	-	(390,000)	-	22,690,000		

	Total number of shares as at	
	31/12/11	**31/12/10**
Total number of shares that may be issued on exercise of share options outstanding	22,690,000	25,940,000

1(e)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at	
	31/12/11	**31/12/10**
Total number of issued shares excluding treasury shares	368,183,325	365,957,325

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.

No treasury shares were sold, transferred, disposed, cancelled or use during the quarter ended 31 December 2011.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited and reviewed by the independent auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recent audited financial statements as well as all the applicable new/revised Financial Reporting Standards (FRS) and FRS interpretations which became effective for the financial years beginning on or after 1 January 2011.

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	
	31/12/11	**31/12/10**	**31/12/11**	**31/12/10**
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)	(0.40)	1.56	1.83	4.74
- Weighted average number of shares (in thousand)	368,183	365,957	367,527	370,412
(ii) On a fully diluted basis (in cents)	(0.40)	1.56	1.80	4.74
- Adjusted weighted average number of shares (in thousand)	373,559	366,647	373,670	369,910

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

There were no diluted earnings per share for the current quarter ended 31 December 2011 and previous financial year ended 31 December 2010 as there were antidilutive effect.

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

	Group		Company	
	31/12/11	**31/12/10**	**31/12/11**	**31/12/10**
Net asset value per ordinary share based on issued share capital at the end of financial year (cents)	53.33	53.64	28.53	29.22

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 31.12.2011 of 368,183,325 (31.12.2010 : 365,957,325).

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 and consumer equipment service provider that serves a global customer base. Its business is classified under two main divisions.

- The Mechatronics Division provides solutions for the design, development and production of complex, high precision industrial machinery and capital equipment for global Original Equipment Manufacturers from the medical, semiconductor, analytical and industrial automation industries. This Division has a network of production facilities strategically located in The Netherlands, Singapore, China and Malaysia.

- The EMS Division offers integrated design and manufacturing services for automotive, office automation and other consumer products from its manufacturing base in Penang, Malaysia.

Income Statement

Group Revenue

	1Q	2Q	3Q	4Q	Full Year
FY2011 (S$ m)	82.8	88.6	77.9	86.2	335.5
FY2010 (S$ m)	70.7	102.8	81.1	97.2	351.8
y-o-y (%)	17.1	(13.8)	(3.9)	(11.3)	(4.6)

For the 12 months ended 31 December 2011 (FY2011), Group revenue eased 4.6% to S$335.5 million, from S$351.8 million in FY2010. This was mainly due to lower orders in the Semiconductor and Industrial Automation segments. Group revenue was also impacted by the appreciation of the Singapore dollar against the Euro and Malaysian Ringgit during the year.

For the three months ended 31 December 2011 (4Q11), the Group reported revenue of S$86.2 million, which was a decrease of 11.3% year-on-year (y-o-y) from S$97.2 million in 4Q10 due mainly to slower sales at both the Mechatronics and EMS divisions. On a sequential basis however, revenue in 4Q11 improved 10.7% quarter-on-quarter (q-o-q) from S$77.9 million in 3Q11.

Revenue breakdown by Division

	4Q11	4Q10	y-o-y	FY2011		FY2010		y-o-y
	S$ m	S$ m	%	S$ m	%	S$ m	%	%
Mechatronics	68.0	76.4	(11.1)	266.4	79.4	281.7	80.1	(5.4)
EMS	18.2	20.8	(12.1)	69.1	20.6	70.1	19.9	(1.4)
Total	86.2	97.2	(11.3)	335.5	100.0	351.8	100.0	(4.6)

Revenue at the Mechatronics Division decreased 5.4% to S$266.4 million in FY2011 from S$281.7 million in FY2010. The revenue growth in the medical and analytical segments was largely offset by weaker sales of the industrial automation and semiconductor segments.

Revenue at the EMS Division in FY2011 was flat at S$69.1 million. Increase in sales of the automotive segment was offset by lower sales of the office automation, tooling and others segments.

The Mechatronics Division accounted for approximately 80% share of the Group's revenue in FY2011.

Mechatronics Division

Revenue breakdown by Business Segment

	4Q11	4Q10	y-o-y	12M11	12M10	y-o-y
	S$ m	S$ m	%	S$ m	S$ m	%
Semiconductor	17.0	19.0	(10.4)	73.4	78.6	(6.6)
Medical	17.1	17.8	(4.3)	62.4	57.2	9.1
Analytical	13.6	15.6	(12.3)	58.3	50.9	14.7
Industrial Automation	9.6	16.2	(40.5)	39.2	67.0	(41.5)
Others	10.7	7.8	35.2	33.1	28.0	17.8
Total	68.0	76.4	(11.1)	266.4	281.7	(5.4)

Revenue from the semiconductor segment slipped 6.6% to S$73.4 million in FY2011 from S$78.6 million in FY2010. Increased sales in Europe were offset by lower sales in Asia.

For the medical segment, revenue grew 9.1% to S$62.4 million in FY2011 from S$57.2 million in FY2010. This was attributable to increased sales in both Europe and Asia.

The analytical segment increased 14.7% to S$58.3 million from S$50.9 million in FY2010, due mainly to improved product sales in Europe during the first half of FY2011.

Revenue from the industrial automation segment decreased 41.5% to S$39.2 million. Sales of this segment are typically lumpy in nature. The reduction was attributed to the normalisation of sales after the exceptional sales of S$67.0 million recorded in FY2010.

Revenue from customers in the *others* business segment increased 17.8% to S$33.1 million in FY2011 from S$28.0 million in FY2010.

EMS Division

Revenue breakdown by Business Segment

	4Q11	4Q10	y-o-y	12M11	12M10	y-o-y
	S$ m	S$ m	%	S$ m	S$ m	%
Keypad / Telco	-	-	N.M.	-	2.5	N.M.
Office Automation	6.7	7.1	(5.7)	28.2	29.2	(3.4)
Automotive	6.7	4.8	37.9	24.4	17.9	36.0
Others	1.5	2.5	(36.8)	6.7	9.1	(26.3)
Tooling *	3.3	6.4	(47.6)	9.8	11.4	(13.5)
Total	18.2	20.8	(12.1)	69.1	70.1	(1.4)

*** Revenue derived from tooling for the office automation and automotive segments are classified under the Tooling segment**

The EMS Division's automotive segment grew 36.0% to S$24.4 million, compared to S$17.9 million in FY2010. This was due to increased orders for existing products coupled with the start of production of a significant project for an existing customer in the second half of the year.

Revenue in the office automation segment in FY2011 decreased to S$28.2 million from S$29.2 million in FY2010 due to lower orders.

Sales of the *others* segment decreased 26.3% to S$6.7 million in FY2011 from S$9.1 million in FY2010.

Revenue derived from tooling for the automotive and office automation segments declined 13.5% to S$9.8 million in FY2011 from S$11.4 million in FY2010 as the industrialisation phase for a number of projects were completed during the year under review.

Gross Profit Margin

The Group's GP margin contracted to 10.1% in FY2011 from 12.6% in FY2010 due mainly to a shift in sales mix and an increase in production costs. Gross profit decreased 24.1% to S$33.8 million in FY2011 from S$44.5 million in FY2010.

Other Income

Other income declined 13.1% to S$4.1 million in FY2011, compared to S$4.7 million in FY2010. The higher other income in FY2010 was attributable to a gain from the disposal of the Group's properties at 1 and 2 Changi North Street 2.

Operating Expenses

Selling and distribution expenses in FY2011 remained stable at S$7.5 million. Administrative and general expenses were marginally higher at S$17.3 million in FY2011, compared to S$16.8 million in FY2010, due mainly to higher expenses related to Employee Share Option Scheme, software & software maintenance, staff training and professional fees. Other operating expenses fell 58.7% to S$1.0 million in FY2011 from S$2.3 million in FY2010 due mainly to a reduction in foreign exchange losses.

Exceptional Items

The Group incurred expenses for exceptional items amounting to S$4.4 million in FY2011. These comprised a provision of S$3.1 million for full settlement of a product liability claim to a customer of the Mechatronics Division (please refer to the Group's announcement no. 00047 on 10 January 2012 for details), impairment loss of S$0.7 million for a financial asset available-for-sale and professional fees of S$0.6 million in relation to the Group's proposed acquisition of Juken Technology Limited.

Finance Costs

Finance costs decreased to S$0.4 million in FY2011 from S$1.4 million in FY2010 attributable mainly to the retirement of term loan for the Group's premises in Changi North Street 2 and Bangi, Malaysia.

Group Profit Before Income Tax

As a result of the above factors, the Group reported profit before income tax of S$7.8 million in FY2011, a decrease of 63.9% from S$21.6 million in FY2010. Excluding the exceptional items of S$4.4 million, the Group would have reported a 43.7% yoy decrease in profit before income tax of S$12.2 million in FY2011 .

For 4Q11, the Group recorded a loss of S$2.4 million, compared to profit before income tax of S$6.6 million in 4Q10. Excluding the exceptional items of S$4.4 million, the Group would have reported profit before income tax of S$2.0 million in 4Q11.

Taxation

Income tax expense decreased to S$1.1 million in FY2011, compared to S$4.1 million in FY2010, in line with lower taxable profits during the year under review. The effective tax rate in FY2011 was 13.6%, compared to 18.8% in FY2010.

Group Net Profit

	1Q	2Q	3Q	4Q	Full Year
FY2011 (S$ m)	3.0	4.2	1.0	(1.5)	6.7
FY2010 (S$ m)	3.1	5.8	3.0	5.7	17.6
y-o-y (%)	(0.4)	(26.5)	(69.0)	(125.9)	(61.6)

After accounting for taxation, the Group reported a net profit of S$6.7 million in FY2011, a decrease of 61.6% from S$17.6 million in FY2010. The Group's net profit margin contracted to 2.0% in FY2011 from 5.0% in FY2010.

For 4Q11, the Group recorded a loss of S$1.5 million (as previously stated in the Group's announcement no. 00047 on 10 January 2012), compared to a net profit of S$5.7 million in 4Q10.

Dividend payment

The Board of Directors has recommended a first and final dividend payment of 0.61 cents per share (one-tier tax exempt) in respect of FY2011. The proposed dividend payment represents approximately 33% of the Group's net profit attributable to equity holders in FY2011.

Balance Sheet

As at 31 December 2011, the Group's balance sheet showed cash and cash equivalents of S$35.5 million and bank borrowings of S$20.5 million, resulting in a net cash position of S$15.0 million. Shareholders' equity stood at S$196.4 million, which translates to net asset value of 53.3 cents per share.

Total assets stood at S$282.5 million as at 31 December 2011. Property, plant and equipment increased to S$74.7 million from $66.6 million at the end of December 2010, due mainly to capital investments to increase production capacity and capability. The Group expanded its production facilities at its new premises in China, upgraded its production facilities in Europe, and expanded its production facilities in Malaysia.

Inventories increased to S$70.8 million as at 31 December 2011, compared to S$62.0 million at the end of December 2010. Trade receivables were stable at S$70.0 million as at 31 December 2011, compared to S$69.7 million as at 31 December 2010. Trade payables decreased to S$32.3 million, from S$39.6 million at the end of FY2010.

Total borrowings increased to S$20.5 million, compared to S$19.5 million at end December 2010, attributable primarily to higher utilisation of trade financing for working capital purposes which partly offset the repayment of term loans for the premises at Bangi, Malaysia.

Cash Flow Analysis

The Group generated net cash of S$6.5 million from operating activities in FY2011, compared to S$3.7 million in FY2010. This was due mainly to lower working capital requirement and lesser interest charges during the period under review.

Net cash used for investing activities amounted to S$19.8 million during FY2011 due mainly to capital expenditure.

The Group used net cash of S$6.7 million for financing activities in FY2011 due mainly to repayment of borrowings and the payment of final dividend in respect of FY2010.

As a result, the Group ended FY2011 with a net decrease in cash and cash equivalents of S$20.0 million. When added to its opening cash and cash equivalents of S$53.0 million and after accounting for the negative effect of foreign currency movements of S$0.3 million on its opening cash and cash equivalents, the Group had an ending cash balance of S$32.7 million as at 31 December 2011.

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 in 4Q11 and FY2011 are in line with the guidance provided in the Group's Announcement No. 00047 posted on SGXNet on 10 January 2012.

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 Group is likely to continue to experience challenging business conditions due to the present uncertain global economic outlook. As business sentiment remains fragile, general cautiousness will prevail in the near term.

In addition, the Group's industrial automation and semiconductor segments typically tend to experience greater quarterly sales fluctuations compared to its other segments.

Notwithstanding these factors, the Group continues to focus its efforts on strengthening the operations of its Mechatronics and EMS divisions. With its balance sheet showing net assets of S$196.4 million and net cash of S$15.0 million, the Group is in a position to weather the macroeconomic risks and remains optimistic of its long term performance.

On 14 September 2011, the Group and Juken Technology Limited ("Juken") jointly announced that both parties had entered into an indicative term sheet relating to the proposed acquisition by the Group of all the issued and paid up ordinary shares in the capital of Juken by way of a scheme of arrangement (the "Proposed Scheme").

Mechatronics Division

The Mechatronics Division has a healthy pipeline of new projects from existing and new customers. However, many of these projects are still at the development stage, typically a lengthy process of between 2 to 3 years, and hence are unlikely to make significant sales contributions in the current financial year.

The division is presently in the planning process of further upgrading and expansion of its production facilities in the Netherlands.

In line with its strategy to strengthen the Mechatronics Division's position as a global player in the high-technology capital equipment sector, the Group recently acquired an 80% equity interest in US Motion Inc. ("USM") for US$2.6 million (Please refer to announcement no. 00130 posted on SGXNet on 18 January 2012). Operating from Spokane, Washington, USM (now renamed Frencken America) is a high-technology solutions provider that designs, engineers and manufactures electro-mechanical products and systems.

The division intends to leverage on Frencken America's facility in Washington to accelerate its presence into the capital equipment market in the USA. Frencken America will serve as a strategic platform for the Mechatronics Division to increase its support to existing customers and develop new customers in the USA. In addition, the Mechatronics Division plans to develop and expand Frencken America's current portfolio of proprietary products and market such products to its customers globally.

EMS Division

The EMS Division is optimistic of its performance in the automotive segment due to the order visibility of its products which are already in commercial production.

The division is targeting to launch commercial production of more projects in the automotive segment in the current year. Barring unforeseen circumstances, these projects are expected to increase sales contribution of the automotive segment to the EMS Division's revenue in FY2012. Based on current visibility, sales of the office automation segment are expected to remain flat in FY2012.

To cater for future growth in the automotive segment, the EMS Division has expanded the production capacity at its manufacturing complex in Penang, Malaysia.

The Group is also evaluating various options to expand its automotive business into growth markets such as China and India. These options include, but are not limited to, the Proposed Scheme. As per announcement no. 00093 on 14 February 2012, the Group is presently in discussions with Juken with a view of obtaining clarifications and resolutions to matters identified from the due diligence exercise.

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 2011 of 0.61 cents per ordinary share for approval by shareholders at the forthcoming Annual General Meeting to be convened on 26 April 2012.

Name of Dividend	Ordinary Tax Exempt
Dividend Type	Cash
Dividend amount per share (in cents)	0.61 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 2010 of 1.44 cents per ordinary share which was approved by shareholders at the Annual General Meeting convened on 25 April 2011.

Name of Dividend	Ordinary Tax Exempt
Dividend Type	Cash
Dividend amount per share (in cents)	1.44 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 18 May 2012.

(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, 4 May 2012 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, 3 May 2012 will be registered to determine Shareholder's entitlements to the Final Dividend.

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

Not applicable.

PART 11- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

13 (a) Segmented revenue and results by business segments

FY2011

Turnover	Mechatronics $'000	Electronics Manufacturing Services $'000	Investment Holding $'000	Eliminations $'000	Total $'000
External revenue	266,397	69,130	20	-	335,547
Inter-segment sales	-	-	659	(659)	-
	266,397	69,130	679	(659)	335,547
Segment results	19,533	(7,280)	(162)	-	12,091
Interest income	283	9	197	-	489
Finance costs	(334)	(92)	-	-	(426)
Profit before exceptional items and income tax					12,154
Exceptional items:					
Provision for settlement of product liability claim	(3,088)	-	-	-	(3,088)
Impairment loss of financial asset, available-for-sale	-	-	(700)	-	(700)
Professional fees for proposed acquisition	-	-	(570)	-	(570)
Profit before income tax					7,796
Income tax expense	(3,916)	2,873	(19)	-	(1,062)
Total profit					6,734
Segment assets	183,164	75,597	23,728	-	282,489
Segment liabilities	60,577	24,614	936	-	86,127
Other segment information:					
Capital expenditure	11,796	9,416	4	-	21,216
Depreciation and amortisation	8,766	3,168	1	-	11,935
Provision for settlement of product liability claim	(3,088)	-	-	-	(3,088)
Impairment loss of financial asset, available-for-sale	-	-	(700)	-	(700)
Professional fees for proposed acquisition	-	-	(570)	-	(570)
Other non-cash expenses other than depreciation and amortisation	588	153	64	-	805

FY2010

Turnover	Mechatronics $'000	Electronics Manufacturing Services $'000	Investment Holding $'000	Eliminations $'000	Total $'000
External revenue	281,662	70,113	21	-	351,796
Inter-segment sales	-	-	684	(684)	-
	281,662	70,113	705	(684)	351,796
Segment results	26,037	(3,316)	(243)	-	22,478
Interest income	251	26	231	-	508
Finance costs	(1,288)	(91)	-	-	(1,379)
Profit before income tax					21,607
Income tax expense	(5,447)	1,425	(33)	-	(4,055)
Total profit					17,552
Segment assets	186,228	63,692	33,720	-	283,640
Segment liabilities	69,663	17,256	431	-	87,350
Other segment information:					
Capital expenditure	6,298	3,205	-	-	9,503
Depreciation	8,279	3,054	3	-	11,336
Other non-cash expenses other than depreciation	399	102	43	-	544

13 (b) Segmented revenue and results for geographical segments

FY2011

Turnover	**Asia** $'000	**Europe** $'000	**Others** $'000	**Eliminations** $'000	**Total** $'000
External revenue	111,543	219,813	12,932	(8,741)	335,547
Total assets	178,876	103,613	-	-	282,489
Capital expenditure	15,989	5,227	-	-	21,216

FY2010

Turnover	**Asia** $'000	**Europe** $'000	**Others** $'000	**Eliminations** $'000	**Total** $'000
External revenue	151,979	197,587	9,817	(7,587)	351,796
Total assets	183,568	100,072	-	-	283,640
Capital expenditure	5,766	3,737	-	-	9,503

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.

	31/12/11	**31/12/10**	**% increase/ (decrease)**
	$'000	**$'000**	
Sales reported for first half year	171,414	173,532	-1.2%
Operating profit after tax before deducting minority interests reported for first half year	7,273	8,814	-17.5%
Sales reported for second half year	164,133	178,264	-7.9%
Operating profit/(loss) after tax before deducting minority interests reported for second half year	(539)	8,738	-106.2%

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 2011 $'000	**Previous Full 2010 $'000**
Ordinary Dividend	2,246	5,296
Preference Dividend	-	-
Total	2,246	5,296

17. Interested Person Transactions

Name of Interested Person	**Aggregate value of all IPTs during the financial period under review (excluding transactions less than $100,000)**	
	31/12/11	**31/12/10**
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 take an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Yap Yock Ran	48	Spouse of Mr Tan Lai Heng	Senior Director, Human Resource and Administration of ETLA Limited	-

BY ORDER OF THE BOARD

Gooi Soon Hock
Executive Director
23-Feb-12