



**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		
	31/12/13	31/12/12	%	31/12/13	31/12/12	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Revenue	109,427	95,311	14.8%	444,737	360,957	23.2%
Cost of sales	(94,039)	(85,692)	9.7%	(377,801)	(329,332)	14.7%
Gross profit	15,388	9,619	60.0%	66,936	31,625	111.7%
Other income	1,212	1,442	-16.0%	6,796	4,109	65.4%
Selling and distribution expenses	(3,098)	(2,447)	26.6%	(11,400)	(9,290)	22.7%
Administrative and general expenses	(8,999)	(8,336)	8.0%	(36,786)	(22,340)	64.7%
Other operating expenses	(143)	(1,106)	-87.1%	(680)	(2,673)	-74.6%
Interest income	47	96	-51.0%	257	187	37.4%
Finance costs	(369)	(610)	-39.5%	(2,258)	(1,133)	99.3%
Profit/(Loss) before income tax and exceptional items	4,038	(1,342)	N.M.	22,865	485	4614.4%
Exceptional items (Note 1)	(403)	(5,705)	-92.9%	(403)	(6,310)	-93.6%
Profit/(Loss) before income tax	3,635	(7,047)	N.M.	22,462	(5,825)	N.M.
Income tax expense	174	(3,694)	N.M.	(4,330)	(5,899)	-26.6%
Total profit/(loss)	3,809	(10,741)	N.M.	18,132	(11,724)	N.M.
Profit/(Loss) attributable to:						
Equity holders of the Company	3,821	(10,776)	N.M.	17,744	(11,810)	N.M.
Non-controlling interests	(12)	35	N.M.	388	86	351.2%
	3,809	(10,741)	N.M.	18,132	(11,724)	N.M.

**Note 1 - Exceptional items comprise:-**

	Note	31/12/13	31/12/12	%	31/12/13	31/12/12	%
Impairment loss of financial asset, available-for-sale	(i)	(403)	(390)	3.3%	(403)	(390)	3.3%
Impairment loss of goodwill in subsidiary	(ii)	-	(3,309)	N.M.	-	(3,309)	N.M.
Impairment loss of deferred development costs	(iii)	-	(1,729)	N.M.	-	(1,729)	N.M.
Acquisition expenses	(iv)	-	(1,425)	N.M.	-	(2,030)	N.M.
Negative goodwill arising from acquisition	(v)	-	1,148	N.M.	-	1,148	N.M.
		(403)	(5,705)	-92.9%	(403)	(6,310)	-93.6%

**Note**

- (i) In respect of impairment loss of investment in MTIC Holdings Pte. Ltd..
- (ii) The impairment loss of goodwill was from a subsidiary within the IMS division in FY2012.
- (iii) In respect of impairment loss of deferred development costs from a subsidiary within the IMS division in FY2012.
- (iv) In respect of acquisition expenses incurred in FY2012 in relation to the acquisition of Juken Technology Limited.
- (v) The negative goodwill was related to the acquisition of Juken Technology Limited and was recognised as a gain in the income statement in FY2012 in accordance with FRS 103 - Business Combinations.

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		
	31/12/13	31/12/12	%	31/12/13	31/12/12	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
<b>Profit/(Loss) for the period/year is arrived at after charging/(crediting) :-</b>						
Investment income	-	-	-	-	-	-
Other income including interest income	(1,259)	(1,538)	-18.1%	(7,053)	(4,296)	64.2%
Interest on borrowings	369	610	-39.5%	2,258	1,133	99.3%
Depreciation of property, plant and equipment	4,890	4,871	0.4%	19,970	14,182	40.8%
Amortisation of deferred gain	(265)	(266)	-0.4%	(1,063)	(1,063)	0.0%
Amortisation of intangible assets	458	509	-10.0%	1,789	689	159.7%
(Write-back)/Allowance for doubtful debts and bad debts written off	203	559	-63.7%	297	527	-43.6%
(Write back)/Allowance for inventory obsolescence	208	333	-37.5%	338	433	-21.9%
Impairment in value of investments	-	-	-	-	-	-
Foreign exchange (gain)/ loss, net	(149)	(259)	-42.5%	(2,246)	1,047	N.M.
Adjustments for (over)/ under provision of tax in respect of prior years	(194)	(188)	3.2%	(199)	(193)	3.1%
(Gain)/Loss on disposal of property, plant and equipment	(78)	(10)	680.0%	(297)	(184)	61.4%
Property, plant and equipment written off	3	127	-97.6%	153	129	18.6%
Impairment loss of property, plant and equipment	121	14	764.3%	121	14	764.3%
Exceptional items:-						
Impairment loss of financial asset, available-for-sale	403	390	3.3%	403	390	3.3%
Impairment loss of goodwill in subsidiary	-	3,309	N.M.	-	3,309	N.M.
Impairment loss of deferred development costs	-	1,729	N.M.	-	1,729	N.M.
Acquisition expenses	-	1,425	N.M.	-	2,030	N.M.
Negative goodwill arising from acquisition	-	(1,148)	N.M.	-	(1,148)	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	
	31/12/13 \$'000	31/12/12 \$'000	31/12/13 \$'000	31/12/12 \$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	108,796	111,477	-	-
Investments in subsidiaries	-	-	124,652	122,696
Financial asset, available-for-sale	4,907	5,310	4,907	5,310
Intangible assets	19,720	17,847	-	-
Deferred income tax assets	1,165	1,135	-	-
Other receivables, deposits and prepayments	3,431	3,540	-	-
	<u>138,019</u>	<u>139,309</u>	<u>129,559</u>	<u>128,006</u>
<b>CURRENT ASSETS</b>				
Inventories	85,948	82,024	-	-
Trade receivables	83,012	75,390	-	-
Receivables from subsidiaries	-	-	11,116	9,342
Dividends receivable from subsidiaries	-	-	2,947	3,161
Other receivables, deposits and prepayments	7,183	7,439	11	42
Tax recoverable	1,299	1,332	-	-
Cash and cash equivalents	19,634	50,285	3,499	30,226
	<u>197,076</u>	<u>216,470</u>	<u>17,573</u>	<u>42,771</u>
Total assets	335,095	355,779	147,132	170,777
<b>CURRENT LIABILITIES</b>				
Trade payables	40,542	40,342	-	-
Other payables, accruals and provisions	27,417	28,549	330	1,462
Deferred gain	1,063	1,063	-	-
Borrowings	47,556	48,110	-	-
Income tax payable	1,606	1,476	6	6
	<u>118,184</u>	<u>119,540</u>	<u>336</u>	<u>1,468</u>
<b>NON-CURRENT LIABILITIES</b>				
Other payables	43	-	-	-
Deferred gain	2,924	3,987	-	-
Borrowings	3,657	40,490	-	36,054
Deferred income tax liabilities	3,222	3,756	-	-
	<u>9,846</u>	<u>48,233</u>	<u>-</u>	<u>36,054</u>
Total liabilities	<u>128,030</u>	<u>167,773</u>	<u>336</u>	<u>37,522</u>
<b>NET ASSETS</b>	<u>207,065</u>	<u>188,006</u>	<u>146,796</u>	<u>133,255</u>
<b>EQUITY</b>				
Capital and reserves attributable to the Company's equity holders				
Share capital	99,538	99,538	99,538	99,538
Treasury shares	(1,411)	(1,903)	(1,411)	(1,903)
Foreign currency translation reserve	(11,658)	(13,914)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	(150)	(112)	(150)	(112)
Statutory reserve fund	654	554	-	-
Share option reserve	1,773	1,835	1,773	1,835
Retained profits	114,191	98,499	47,046	33,897
	<u>205,282</u>	<u>186,842</u>	<u>146,796</u>	<u>133,255</u>
Non-controlling interests	1,783	1,164	-	-
<b>TOTAL EQUITY</b>	<u>207,065</u>	<u>188,006</u>	<u>146,796</u>	<u>133,255</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 31/12/13	
Secured \$'000	Unsecured \$'000
26,270	21,286

As at 31/12/12	
Secured \$'000	Unsecured \$'000
29,363	18,747

**Amount repayable after one year**

As at 31/12/13	
Secured \$'000	Unsecured \$'000
3,044	613

As at 31/12/12	
Secured \$'000	Unsecured \$'000
39,373	1,117

**Details of any collateral**

Details of the borrowings of the Group and the Company and its securities as at 31 December 2013 are as follows:

	Note	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	20,133	150	20,283
Other short-term borrowings	(ii)	4,351	20,337	24,688
Finance lease	(iii)	3,105	-	3,105
Term Loans	(iv)	1,725	1,412	3,137
		<u>29,314</u>	<u>21,899</u>	<u>51,213</u>

(i) bank overdrafts of :-

- (a) \$19,844,000 is secured by mortgage over a property, pledged on the trade receivables and inventories of all subsidiaries of the Company in The Netherlands; and
- (b) \$289,000 is secured over first charge on the entire present and future fixed assets of a subsidiary in India.

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

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

(iv) Term loans of :-

- (a) \$650,000 is secured by properties of a subsidiary in Malaysia;
- (b) \$879,000 is secured by first charge on the entire present and future fixed assets of a subsidiary in India; and
- (c) \$196,000 is secured by machineries of a subsidiary 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.**

	Group		Group	
	3 months ended	3 months ended	12 months ended	12 months ended
	31/12/13	31/12/12	31/12/13	31/12/12
	\$ '000	\$ '000	\$ '000	\$ '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Total profit/(loss)</b>	3,809	(10,741)	18,132	(11,724)
Adjustments for:				
Income tax expense	(174)	3,694	4,330	5,899
Exchange differences	(149)	775	(1,110)	1,761
Employee share option expense	94	86	94	440
Depreciation of property, plant and equipment	4,890	4,871	19,970	14,182
Loss/(Gain) on disposal of property, plant and equipment, net	(78)	(10)	(297)	(184)
Property, plant and equipment written off	3	127	153	129
Interest income	(47)	(96)	(257)	(187)
Interest expense	369	610	2,258	1,133
Amortisation of deferred gain	(265)	(266)	(1,063)	(1,063)
Amortisation of intangible assets	458	509	1,789	689
Impairment loss of financial asset, available-for-sale	403	390	403	390
Impairment loss of goodwill in subsidiary	-	3,309	-	3,309
Impairment loss of deferred development costs	-	1,729	-	1,729
Impairment loss of property, plant and equipment	121	14	121	14
Negative goodwill arising from acquisition	-	(1,148)	-	(1,148)
Operating cash flow before working capital changes	9,434	3,853	44,523	15,369
<b>Changes in operating assets and liabilities :</b>				
Inventories	4,800	1,504	(615)	(1,082)
Receivables	13,233	19,684	(4,417)	15,938
Payables	(16,350)	(10,591)	(4,749)	(10,163)
<b>Cash flows generated from operations</b>	11,117	14,450	34,742	20,062
Tax refunded/(paid)	226	(581)	(4,532)	(3,857)
Interest paid	(336)	(601)	(2,221)	(1,124)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	11,007	13,268	27,989	15,081
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	47	96	257	187
Additions of intangible assets	(1,077)	(508)	(2,816)	(983)
Purchase of property, plant and equipment ( <b>Note 1</b> )	(4,401)	(6,625)	(15,040)	(16,225)
Proceeds from disposal of property, plant and equipment	233	53	1,241	299
Acquisition of a subsidiary, net of cash acquired ( <b>Note 2</b> )	(195)	(8,255)	(416)	(36,100)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(5,393)	(15,239)	(16,774)	(52,822)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from re-issuance of treasury shares	21	-	327	62
Repayment of finance lease liabilities	(550)	(438)	(2,185)	(629)
Repayment of short term borrowings	(28,215)	(18,165)	(93,401)	(114,077)
Repayment of term loans	(34,615)	(741)	(41,637)	(741)
Proceeds from short term borrowings	30,579	18,632	102,196	110,851
Proceeds from term loans	-	15,373	3,240	36,146
Dividend paid to shareholders	-	-	(1,981)	(2,246)
Withdrawal/(Placement) of deposits pledged as securities	2	(7,864)	18,139	(18,251)
<b>NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>	(32,778)	6,797	(15,302)	11,115
Net (decrease)/increase in cash and cash equivalents	(27,164)	4,826	(4,087)	(26,626)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD / YEAR</b>	27,004	379	5,498	32,675
Effect of exchange rate changes on cash and cash equivalents	(601)	293	(2,172)	(551)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	(761)	5,498	(761)	5,498

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

	Group		Group	
	3 months ended		12 months ended	
	31/12/13	31/12/12	31/12/13	31/12/12
	\$ '000	\$ '000	\$ '000	\$ '000
<b>Cash and cash equivalents at end of the financial year comprise:</b>				
Short term fund placed with a Malaysian financial institution	406	16	406	16
Deposits with licensed banks	6,382	31,462	6,382	31,462
Cash and bank balances	12,846	18,807	12,846	18,807
Bank overdrafts	(20,283)	(26,536)	(20,283)	(26,536)
	(649)	23,749	(649)	23,749
Less: Deposits pledge as securities	(112)	(18,251)	(112)	(18,251)
	(761)	5,498	(761)	5,498

**Note 1 : Purchase of property, plant and equipment**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$16,421,000 (31.12.2012: \$16,864,000) of which \$892,000 (31.12.2012: \$237,000) was acquired by means of finance lease arrangement and \$489,000 (31.12.2012: \$402,000) included in other payables at balance sheet date. Cash payments of \$15,040,000 (31.12.2012: \$16,225,000) were made to purchase these property, plant and equipment.

**Note 2 : Acquisition of Subsidiaries**

**2013**

(a) On 31 July 2013, the Group's subsidiary company, Juken Technology Limited acquired 51% equity interest in Supertool Industries Pte. Ltd. ("Supertool") for a cash consideration of \$255,000.

(b) On 8 October 2013, the Group's subsidiary company, Frencken Europe B.V. acquired 100% equity interest in Allmepp Holding B.V. ("Allmepp") for a cash consideration of \$86,000.

The fair values of the identifiable assets and liabilities assumed of Supertool and Allmepp as at the date of acquisition are as follows:

	Supertool	Allmepp	Total
	\$ '000	\$ '000	\$ '000
Property, plant and equipment	1,124	147	1,271
Intangible asset	-	129	129
Inventories	643	143	786
Trade and other receivables	330	168	498
Cash and cash equivalents	34	1	35
Tax recoverable	-	93	93
Trade and other payables	(1,298)	(622)	(1,920)
Bank overdrafts	-	(110)	(110)
Other bank borrowings	(218)	-	(218)
Deferred income tax liabilities	(126)	-	(126)
Identifiable net assets acquired/(liabilities assumed)	489	(51)	438
Less: Non-controlling interest at fair value	(240)	-	(240)
Add: Goodwill arising from acquisition	6	179	185
Consideration transferred for the business	255	128	383

**Purchase consideration**

Cash paid	255	86	341
Contingent consideration	-	42	42
Total purchase consideration	255	128	383

**The effect of the acquisition on cash flow was as follows:**

Cash paid (as above)	255	86	341
Less : Cash and cash equivalents in subsidiary acquired	(34)	109	75
Net cash outflow on acquisition	221	195	416

## Note 2 : Acquisition of Subsidiaries

### 2012

(a) On 17 January 2012, the Group's subsidiary company, Frencken Europe B.V. acquired 80% equity interest in Frencken America Inc. ("FA") (formerly known as US Motion Inc.) for a cash consideration of \$3,484,000.

(b) On 5 October 2012, the Company owned 91.76% of equity interest in Juken Technology Limited ("Juken") and its interest was subsequently increased to 96.42% on 19 October 2012. On 23 October 2012, the Company exercised its right to compulsorily acquired all the remaining shares in Juken pursuant to Section 215(1) of the Companies Act. On 3 December 2012, the Company has completed the compulsory acquisition and Juken became a wholly owned subsidiary of the Company.

The fair values of the identifiable assets and liabilities assumed of FA and Juken as at the date of acquisition were as follows:

	FA \$ '000	Juken \$ '000	Total \$ '000
Property, plant and equipment	661	36,438	37,099
Intangible assets	-	7,959	7,959
Deferred income tax assets	-	545	545
Inventories	1,153	10,881	12,034
Trade and other receivables	724	24,298	25,022
Cash and cash equivalents	200	8,829	9,029
Tax recoverable	-	474	474
Trade and other payables	(526)	(21,322)	(21,848)
Bank overdrafts	-	(454)	(454)
Other bank borrowings	(992)	(10,965)	(11,957)
Income tax payable	-	(1,083)	(1,083)
Deferred income tax liabilities	-	(3,407)	(3,407)
Non-controlling interests	-	(868)	(868)
Identifiable net assets acquired	1,220	51,325	52,545
Less: Non-controlling interest at fair value	(244)	-	(244)
Goodwill arising from acquisition	2,508	-	2,508
Negative goodwill arising from acquisition taken to income statements	-	(1,148)	(1,148)
Consideration transferred for the business	3,484	50,177	53,661

#### Purchase consideration

Cash paid	3,484	41,191	44,675
Issuance of 27,734,084 ordinary shares at \$0.324 each	-	8,986	8,986
Total purchase consideration	3,484	50,177	53,661

#### The effect of the acquisition on cash flow was as follows:

Cash paid (as above)	3,484	41,191	44,675
Less : Cash and cash equivalents in subsidiary acquired	(200)	(8,375)	(8,575)
Net cash outflow on acquisition	3,284	32,816	36,100

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

	3 months ended		12 months ended	
	31/12/13 \$'000	31/12/12 \$'000	31/12/13 \$'000	31/12/12 \$'000
<b>Statement of Comprehensive Income</b>				
Total profit/(loss)	3,809	(10,741)	18,132	(11,724)
Other comprehensive income/(expense) for the period/year :				
- Currency translation differences	854	1,421	2,247	(4,986)
Total comprehensive income/(expense) for the period/year	4,663	(9,320)	20,379	(16,710)
Attributable to:				
Equity holders of the Company	4,660	(9,340)	20,000	(16,762)
Non-controlling interests	3	20	379	52
Total comprehensive income/(expense) for the period/year	4,663	(9,320)	20,379	(16,710)

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 2013 and 31 December 2012**

	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 October 2013	99,538	(1,441)	(12,497)	2,345	(149)	598	1,687	110,426	200,507	1,780	202,287
Profit/(Loss) for the quarter	-	-	-	-	-	-	-	3,821	3,821	(12)	3,809
Other comprehensive income:											
Currency translation differences arising from consolidation	-	-	839	-	-	-	-	-	839	15	854
Total comprehensive income for the quarter	-	-	839	-	-	-	-	3,821	4,660	3	4,663
Transfer to statutory reserve fund	-	-	-	-	-	56	-	(56)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	94	-	94	-	94
- Treasury shares re-issued	-	30	-	-	(1)	-	(8)	-	21	-	21
At 31 December 2013	<u>99,538</u>	<u>(1,411)</u>	<u>(11,658)</u>	<u>2,345</u>	<u>(150)</u>	<u>654</u>	<u>1,773</u>	<u>114,191</u>	<u>205,282</u>	<u>1,783</u>	<u>207,065</u>
At 1 October 2012	90,552	(1,903)	(15,350)	2,345	(112)	557	1,749	109,272	187,110	276	187,386
(Loss)/Profit for the quarter	-	-	-	-	-	-	-	(10,776)	(10,776)	35	(10,741)
Other comprehensive income/(expense):											
Currency translation differences arising from consolidation	-	-	1,436	-	-	-	-	-	1,436	(15)	1,421
Total comprehensive income/(expense) for the quarter	-	-	1,436	-	-	-	-	(10,776)	(9,340)	20	(9,320)
Transfer from statutory reserve fund	-	-	-	-	-	(3)	-	3	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	86	-	86	-	86
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	868	868
Issue of share capital	8,986	-	-	-	-	-	-	-	8,986	-	8,986
At 31 December 2012	<u>99,538</u>	<u>(1,903)</u>	<u>(13,914)</u>	<u>2,345</u>	<u>(112)</u>	<u>554</u>	<u>1,835</u>	<u>98,499</u>	<u>186,842</u>	<u>1,164</u>	<u>188,006</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 October 2013	99,538	(1,441)	-	-	(149)	-	1,687	35,271	134,906		
Total comprehensive income for the quarter	-	-	-	-	-	-	-	11,775	11,775		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	94	-	94		
- Treasury shares re-issued	-	30	-	-	(1)	-	(8)	-	21		
At 31 December 2013	<u>99,538</u>	<u>(1,411)</u>	<u>-</u>	<u>-</u>	<u>(150)</u>	<u>-</u>	<u>1,773</u>	<u>47,046</u>	<u>146,796</u>		
At 1 October 2012	90,552	(1,903)	-	-	(112)	-	1,749	44,497	134,783		
Total comprehensive loss for the quarter	-	-	-	-	-	-	-	(10,600)	(10,600)		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	86	-	86		
Issue of share capital	8,986	-	-	-	-	-	-	-	8,986		
At 31 December 2012	<u>99,538</u>	<u>(1,903)</u>	<u>-</u>	<u>-</u>	<u>(112)</u>	<u>-</u>	<u>1,835</u>	<u>33,897</u>	<u>133,255</u>		



**(b) Statement of changes in equity for the twelve months ended 31 December 2013 and 31 December 2012**

	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 2013	99,538	(1,903)	(13,914)	2,345	(112)	554	1,835	98,499	186,842	1,164	188,006
Profit for the year	-	-	-	-	-	-	-	17,744	17,744	388	18,132
Other comprehensive income:											
Currency translation differences arising from consolidation	-	-	2,256	-	-	-	-	-	2,256	(9)	2,247
Total comprehensive income for the financial year	-	-	2,256	-	-	-	-	17,744	20,000	379	20,379
Transfer to statutory reserve fund	-	-	-	-	-	100	-	(100)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	94	-	94	-	94
- Treasury shares re-issued	-	492	-	-	(38)	-	(127)	-	327	-	327
Transfer arising from forfeited share options	-	-	-	-	-	-	(29)	29	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	240	240
Dividend paid	-	-	-	-	-	-	-	(1,981)	(1,981)	-	(1,981)
At 31 December 2013	<u>99,538</u>	<u>(1,411)</u>	<u>(11,658)</u>	<u>2,345</u>	<u>(150)</u>	<u>654</u>	<u>1,773</u>	<u>114,191</u>	<u>205,282</u>	<u>1,783</u>	<u>207,065</u>
At 1 January 2012	90,552	(1,998)	(8,962)	2,345	(102)	506	1,447	112,574	196,362	-	196,362
(Loss)/Profit for the year	-	-	-	-	-	-	-	(11,810)	(11,810)	86	(11,724)
Other comprehensive expense:											
Currency translation differences arising from consolidation	-	-	(4,952)	-	-	-	-	-	(4,952)	(34)	(4,986)
Total comprehensive (expense)/income for the financial year	-	-	(4,952)	-	-	-	-	(11,810)	(16,762)	52	(16,710)
Transfer to statutory reserve fund	-	-	-	-	-	48	-	(48)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	440	-	440	-	440
- Treasury shares re-issued	-	95	-	-	(10)	-	(23)	-	62	-	62
Transfer arising from forfeited share options	-	-	-	-	-	-	(29)	29	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	1,112	1,112
Issue of share capital	8,986	-	-	-	-	-	-	-	8,986	-	8,986
Dividend paid	-	-	-	-	-	-	-	(2,246)	(2,246)	-	(2,246)
At 31 December 2012	<u>99,538</u>	<u>(1,903)</u>	<u>(13,914)</u>	<u>2,345</u>	<u>(112)</u>	<u>554</u>	<u>1,835</u>	<u>98,499</u>	<u>186,842</u>	<u>1,164</u>	<u>188,006</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 2013	99,538	(1,903)	-	-	(112)	-	1,835	33,897	133,255		
Total comprehensive income for the financial year	-	-	-	-	-	-	-	15,130	15,130		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	94	-	94		
- Treasury share re-issued	-	492	-	-	(38)	-	(127)	-	327		
Reversal arising from forfeited share options	-	-	-	-	-	-	(29)	-	(29)		
Dividend paid	-	-	-	-	-	-	-	(1,981)	(1,981)		
At 31 December 2013	<u>99,538</u>	<u>(1,411)</u>	<u>-</u>	<u>-</u>	<u>(150)</u>	<u>-</u>	<u>1,773</u>	<u>47,046</u>	<u>146,796</u>		
At 1 January 2012	90,552	(1,998)	-	-	(102)	-	1,447	15,159	105,058		
Total comprehensive income for the financial year	-	-	-	-	-	-	-	20,984	20,984		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	440	-	440		
- Treasury shares re-issued	-	95	-	-	(10)	-	(23)	-	62		
Reversal arising from forfeited share options	-	-	-	-	-	-	(29)	-	(29)		
Issue of share capital	8,986	-	-	-	-	-	-	-	8,986		
Dividend paid	-	-	-	-	-	-	-	(2,246)	(2,246)		
At 31 December 2012	<u>99,538</u>	<u>(1,903)</u>	<u>-</u>	<u>-</u>	<u>(112)</u>	<u>-</u>	<u>1,835</u>	<u>33,897</u>	<u>133,255</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

On 7 October 2013, the Company granted 6,000,000 options pursuant to Frencken Group Limited's Employee Share Option Scheme 2008 at exercise price of \$0.208 per share ("2013 Options"). The 2013 Options are exercisable from 7 October 2015 and expire on 6 October 2023.

During the quarter, the Company re-issued 120,000 treasury shares pursuant to the Company's employee share option scheme at the exercise price of \$0.168 each. The cost of the treasury shares re-issued amounted to \$29,952. The number of treasury shares held as at the end of current quarter was 5,651,000 shares.

	<b>Total number of issued shares as at</b>	
	<b>31/12/13</b>	<b>31/12/12</b>
Number of issued shares	403,918,409	403,918,409
Number of treasury shares	(5,651,000)	(7,621,000)
Total number of issued shares excluding treasury shares	<u>398,267,409</u>	<u>396,297,409</u>

Share options

The movement of share options of the Company during the period from 1 October 2013 to 31 December 2013 is as follows:

Date of grant	Number of ordinary shares under option					Exercise Price	Exercise period
	As at 01.10.2013	Granted during the period	Forfeited during the period	Exercised during the period	As at 31.12.2013		
1.12.2008 (2008 Option)	5,400,000	-	-	-	5,400,000	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	5,810,000	-	-	(120,000)	5,690,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	8,040,000	-	-	-	8,040,000	\$0.224	1.12.2012 - 30.11.2020
7.10.2013 (2013 Option)	-	6,000,000	-	-	6,000,000	\$0.208	7.10.2015 - 6.10.2023
	<u>19,250,000</u>	<u>6,000,000</u>	<u>-</u>	<u>(120,000)</u>	<u>25,130,000</u>		

	<b>Total number of shares as at</b>	
	<b>31/12/13</b>	<b>31/12/12</b>
Total number of shares that may be issued on exercise of share options outstanding	<u>25,130,000</u>	<u>21,400,000</u>

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

	<b>As at</b>	
	<b>31/12/13</b>	<b>31/12/12</b>
Total number of issued shares excluding treasury shares	<u>398,267,409</u>	<u>396,297,409</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.**

During the quarter, the Company re-issued 120,000 treasury shares pursuant to the Company's employee share option scheme. The cost of the treasury shares re-issued amounted to \$29,952.

**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 2013.

**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	
	31/12/13	31/12/12	31/12/13	31/12/12
Earnings/(Loss) per ordinary share of the Group based on net profit/(Loss) attributable to the shareholders of the Company:				
(i) Based on weighted average number of shares (in cents)	0.96	(2.77)	4.47	(3.16)
- Weighted average number of shares (in thousand)	398,245	389,062	397,044	373,517
(ii) On a fully diluted basis (in cents)	0.95	(2.77)	4.44	(3.16)
- Adjusted weighted average number of shares (in thousand)	402,832	391,245	399,794	376,968

Basic earnings/(Loss) 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	
	31/12/13	31/12/12	31/12/13	31/12/12
Net asset value per ordinary share based on issued share capital at the end of financial year (cents)	51.54	47.15	36.86	33.62

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 31.12.2013 of 398,267,409 (31.12.2012 : 396,297,409).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

a. any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

b. any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Frencken Group is a high-technology capital equipment and consumer product service provider of complete and integrated one-stop outsourcing solutions to a global customer base. 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 Original Equipment Manufacturers from the medical, semiconductor, analytical and industrial automation industries. This division has a network of production facilities located in The Netherlands, Singapore, China, Malaysia and USA.
- The IMS Division offers integrated design and manufacturing services for automotive, office automation, consumer and industrial electronics products. The division has multiple operating sites located in Southeast Asia (Malaysia, Thailand, Singapore and Indonesia), China, India and Switzerland.

### Income Statement

#### Group Revenue

	1Q	2Q	3Q	4Q	Full Year
<b>FY2013 (S\$ m)</b>	107.2 <sup>1</sup>	108.5 <sup>1</sup>	119.6 <sup>1</sup>	109.4 <sup>1</sup>	444.7
<b>FY2012 (S\$ m)</b>	89.7	92.7	83.3	95.3 <sup>1</sup>	361.0
<b>yoy (%)</b>	19.5	17.0	43.7	14.8	23.2

<sup>1</sup> Includes sales contribution from Juken

For the 12 months ended 31 December 2013 (FY2013), the Group's revenue increased 23.2% to S\$444.7 million, driven mainly by higher sales of the IMS Division. The IMS Division recorded a maiden full year contribution from Juken Technology Limited and its subsidiaries ("Juken") which were acquired by Frencken Group in October 2012.

For the three months ended 31 December 2013 (4Q13), Group revenue increased 14.8% year-on-year (yoy) to S\$109.4 million due to higher sales of both the IMS and Mechatronics Divisions. On a quarter-on-quarter (qoq) basis, Group revenue declined 8.5% from 3Q13 due to seasonally slower demand for consumer electronic products in the IMS division, coupled with softer demand at the Mechatronics Division.

#### Revenue breakdown by Division

	4Q13		4Q12		yoy	FY2013	FY2012	yoy
	S\$ m	%	S\$ m	%	%	S\$ m	S\$ m	%
<b>Mechatronics</b>	67.4	61.6	58.1	61.0	15.8	273.9	270.5	1.2
<b>IMS</b>	42.0	38.4	37.2	39.0	13.2	170.8	90.5	88.9
<b>Total</b>	109.4	100.0	95.3	100.0	14.8	444.7	361.0	23.2

The Mechatronics Division recorded a marginal increase in revenue in FY2013 despite the weak global economic climate. Higher sales of the analytical and industrial automation segments offset lower sales derived from the semiconductor, medical and *others* segments.

The IMS Division's revenue in FY2013 improved significantly on the back of higher sales from the division's operations in Penang, and a full-year sales contribution of S\$92.8 million from Juken as compared to its three-month contribution of S\$19.7 million in FY2012. As a result, the IMS Division accounted for a larger 38.4% share of Group revenue in FY2013 compared to 25.1% in FY2012. Correspondingly, the Mechatronics Division's contribution to Group revenue declined to 61.6% from 74.9% previously.

In 4Q13, the 15.8% yoy increase in Mechatronics Division's revenue was due mainly to higher sales from the semiconductor and industrial automation segments. The IMS Division's revenue also gained 13.2% yoy in 4Q13 due to higher sales of the automotive and consumer & industrial electronics segments.

## Mechatronics Division

### Revenue breakdown by Business Segment

	4Q13	4Q12	yoy	3Q13	FY2013	FY2012	yoy
	S\$ m	S\$ m	%	S\$ m	S\$ m	S\$ m	%
<b>Semiconductor</b>	14.4	9.1	57.5	13.7	50.8	57.7	(12.0)
<b>Medical</b>	14.8	14.7	1.1	16.3	61.0	64.9	(6.0)
<b>Analytical</b>	19.8	18.5	6.9	21.8	85.1	71.2	19.5
<b>Industrial Automation</b>	10.5	6.9	50.8	14.7	45.2	42.3	6.9
<b>Others</b>	7.9	8.9	(11.4)	6.9	31.8	34.4	(7.6)
<b>Total</b>	<b>67.4</b>	<b>58.1</b>	<b>15.8</b>	<b>73.4</b>	<b>273.9</b>	<b>270.5</b>	<b>1.2</b>

The semiconductor segment, which serves customers in the front and back end of the semiconductor equipment industry, witnessed weaker revenue in FY2013 due to lower sales in both Europe and Asia. In 4Q13 however, this segment's revenue increased 57.5% yoy. Sequentially, sales of the semiconductor segment have continued to recover over the past five consecutive quarters since 4Q12. Sales of this segment are typically cyclical in nature.

Revenue from the medical segment eased slightly in FY2013, attributable mainly to lower sales to customers in Europe but partially offset by higher sales in Asia. Sales of this segment in 4Q13 were flat.

Revenue of the analytical segment climbed higher in FY2013, driven by increased sales in Europe and Asia. With its 6.9% revenue gain in 4Q13, this segment has delivered yoy growth in every quarter of FY2013.

Revenue of the industrial automation segment in FY2013 was lifted mainly by a rebound in sales to hard disk drive and pharmaceutical packaging equipment makers during the second half of the year. In 4Q13, this segment's revenue increased 50.8% yoy. Sales of the industrial automation segment are typically lumpy in nature.

The Mechatronics Division continued to have a balanced spread of revenue from its various segments in FY2013. The analytical segment provided the largest contribution of 31.1% to the division's revenue while the medical, semiconductor and industrial automation segments accounted for 22.3%, 18.5%, and 16.5% respectively. The *others* segment contributed the remaining 11.6% of the division's revenue.

## IMS Division

### Revenue breakdown by Business Segment

	4Q13	4Q12	yoy	3Q13	FY2013	FY2012	yoy
	S\$ m	S\$ m	%	S\$ m	S\$ m	S\$ m	%
<b>Office Automation</b>	7.1	7.1	0.0	7.7	29.6	25.0	18.4
<b>Automotive</b>	25.4	20.1	26.0	26.3	98.8	47.8	106.6
<b>Consumer &amp; Industrial</b>							
<b>Electronics</b>	6.0	5.4	11.1	6.3	26.3	5.4	387.0
<b>Others</b>	0.2	0.7	(63.2)	0.5	1.8	3.6	(48.2)
<b>Tooling</b>	3.3	3.9	(13.4)	5.4	14.3	8.7	65.5
<b>Total</b>	<b>42.0</b>	<b>37.2</b>	<b>13.2</b>	<b>46.2</b>	<b>170.8</b>	<b>90.5</b>	<b>88.9</b>

**Note:** Juken's post-acquisition revenue has been consolidated into the IMS Division's financial results in 4Q12 and FY2013.

Revenue from the automotive segment more than doubled in FY2013 driven by the inclusion of automotive sales from Juken and higher sales from Precico. This segment also recorded sales growth of 26.0% yoy in 4Q13.

Revenue from the office automation segment also improved in FY2013 due to the inclusion of Juken's sales and higher sales to a major customer of mail facilitating equipment. However, the segment's sales were flat yoy in 4Q13.

The consumer & industrial electronics segment, which is the result of the Group's acquisition of Juken, provided full year revenue of S\$26.3 million in FY2013, compared to a three-month contribution of S\$5.4 million in FY2012.

The tooling segment registered higher revenue in FY2013 due mainly to the inclusion of tooling revenue from Supertool Industries Pte. Ltd. which the Group acquired on 31 July 2013. Sales to customers in the *others* segment were down in line with the Group's strategy to focus on its key segments, particularly the automotive segment.

As a result, the automotive segment's revenue contribution to the IMS Division increased to 57.8% in FY2013 from 52.8% previously. The office automation segment contributed 17.3% while the consumer & industrial electronics segment accounted for 15.4% of the division's revenue. The remaining 9.5% of the division's revenue was derived from tooling sales and customers in the *others* segment.

## **Gross Profit Margin**

The Group's gross profit (GP) increased 111.7% to S\$66.9 million in FY2013, attributable mainly to higher GP from the IMS Division. The IMS Division benefited from the turnaround of the operations in Penang and the inclusion of a full year of gross profit contribution from Juken.

Group GP margin in FY2013 expanded to 15.1% from 8.8% in FY2012. This was due mainly to improved GP margin of the IMS Division as a result of increased productivity of the Penang operations, the inclusion of Juken's GP margin and favourable exchange rate movements. GP margin of the Mechatronics Division was stable in FY2013.

For 4Q13, Group GP margin increased to 14.1% from 10.1% in 4Q12 due to higher GP margin of the IMS Division and the Mechatronics Division which benefited from higher capacity utilisation and a shift in sales mix.

#### Other Income

Other income increased substantially to S\$6.8 million in FY2013 due primarily to a foreign exchange gain and the inclusion of Juken's full year other income.

#### Operating Expenses

Selling and distribution expenses in FY2013 increased 22.7% to S\$11.4 million while administrative and general expenses increased 64.7% to S\$36.8 million. The increases were attributed mainly to the inclusion of Juken's full year operating expenses. Other operating expenses declined to S\$0.7 million in FY2013 compared to S\$2.7 million in FY2012 due mainly to lower foreign exchange losses.

#### Finance Costs

Finance costs increased to S\$2.3 million from S\$1.1 million in FY2012 due mainly to higher borrowings for working capital, interest costs to finance the acquisition of Juken and the inclusion of Juken's full year interest expenses.

#### Exceptional Item

In FY2013, the Group incurred an exceptional item of S\$0.4 million resulting from the impairment in respect of its investment in MTIC Holdings Pte. Ltd.. In FY2012, exceptional items amounted to S\$6.3 million.

#### Group Profit Before Income Tax

As a result of the above factors, the Group posted profit before income tax of S\$22.5 million in FY2013, compared to a loss of S\$5.8 million in FY2012.

#### Taxation

The Group's effective tax rate in FY2013 was 19.3%, amounting to a tax charge of S\$4.3 million. In FY2012, the Group incurred a tax charge of S\$5.9 million in spite of reporting a loss before tax of S\$5.8 million. This was attributable to the reversal of deferred tax asset of S\$3.3 million that was previously recognised and the inclusion of income tax from profitable subsidiaries.

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

	1Q	2Q	3Q	4Q	Full Year
<b>FY2013 (\$ m)</b>	3.1	4.1	6.7	3.8	17.7
<b>FY2012 (\$ m)</b>	0.3	0.2	(1.5)	(10.8)	(11.8)
<b>yoy (%)</b>	1072.1	1819.7	N.M.	N.M.	N.M.

After accounting for taxation, the Group reported net profit attributable to equity holders of S\$17.7 million in FY2013, reversing a loss after tax of S\$11.8 million in FY2012. The improved bottom line performance in FY2013 was driven primarily by the inclusion of Juken's full year net profit and a turnaround of Precico.

The IMS Division generated a net profit of S\$9.7 million compared to a loss of S\$14.3 million in FY2012. The Mechatronics Division reported net profit of S\$9.1 million, compared to S\$9.2 million previously, attributable mainly to the division's flat revenue performance and higher operating expenses.

#### Dividend payment

The Board of Directors has recommended a first and final dividend payment of 1.40 cents per share (one-tier tax exempt) in respect of FY2013 for approval at the forthcoming Annual General Meeting on 24 April 2014. This compares to the dividend of 0.5 cents per share (one-tier tax exempt) paid in respect of FY2012.

#### Balance Sheet

As at 31 December 2013, the Group had shareholders' equity of S\$205.3 million, equivalent to net asset value of 51.54 cents per share based on the total number of issued shares (excluding treasury shares) of 398.3 million shares at the end of FY2013.

The Group's total assets decreased to S\$335.1 million as at 31 December 2013 from S\$355.8 million at the end of FY2012 due to the use of cash to repay the entire loan for the acquisition of Juken.

Property, plant and equipment decreased to S\$108.8 million, compared to S\$111.5 million at the end of December 2012. This was due mainly to depreciation and offset partially by additions of new equipment and inclusion of fixed assets from two new subsidiaries, namely Supertool Industries Pte. Ltd. and Allmepp Holding B.V..

Intangible assets increased to S\$19.7 million at the end of FY2013, from S\$17.8 million a year ago, attributable to development costs incurred for projects in Europe.

Trade receivables increased to S\$83.0 million at the end of FY2013, from S\$75.4 million a year ago, in tandem with higher sales. Trade payables stood at S\$40.5 million, compared to S\$40.3 million as at 31 December 2012.

As at 31 December 2013, net bank borrowings decreased to S\$31.6 million compared to S\$38.3 million a year ago. As a result, the Group's net debt-to-equity ratio decreased to 15.4% from 20.5% at the end of FY2012.

### **Cash Flow Analysis**

The Group generated net cash of S\$28.0 million from operating activities in FY2013 due primarily to increased net profit. Net cash used in investing activities amounted to S\$16.8 million attributable mainly to capital expenditure.

The Group used net cash of S\$15.3 million for financing activities, due mainly to the repayment of term loans, offset partially by net proceeds from short term borrowings and withdrawal of deposits pledged as securities.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of S\$4.1 million in FY2013. When added to its opening cash and cash equivalents of S\$5.5 million at the beginning of FY2013 and after accounting for the negative effect of foreign currency movements of S\$2.2 million on its opening cash and cash equivalents, the Group had an ending negative cash balance of S\$0.8 million (after netting off bank overdraft) as at 31 December 2013.

### **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 FY2013 are in line with the guidance provided in its financial statements posted on the SGX website on 13 November 2013.

### **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.**

Despite the difficult business environment in FY2013, the Group achieved a turnaround in its financial performance with net profit attributable to equity holders of S\$17.7 million compared to a loss of S\$11.8 million in FY2012. The improved set of results was due primarily to the profitability of the IMS Division that included Juken's full-year earnings.

With the US and European economies currently showing signs of recovery, the outlook in 2014 is becoming more positive for the markets that the Group operates in. However, any unfavourable movements in the exchange rates of the Euro and US Dollar against the Singapore dollar and Malaysia Ringgit could have an adverse impact on the Group's performance.

Barring any unforeseen circumstances, the Group is optimistic of delivering revenue growth and a profitable performance in 1Q14.

### **Mechatronics Division**

The Mechatronics Division expects to witness stable sales yoy in 1Q14, with sales improving gradually for the remaining quarters of FY2014.

### **IMS Division**

The IMS Division expects to witness stable sales yoy in 1Q14, with sales of the automotive segment improving gradually for the remaining quarters of FY2014, which may be offset by the decline in the office automation segment.

## 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 2013 of 1.40 cents per ordinary share for approval by shareholders at the forthcoming Annual General Meeting to be convened on 24 April 2014.

Name of Dividend	Ordinary Tax Exempt
Dividend Type	Cash
Dividend amount per share (in cents)	1.40 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 2012 of 0.50 cents per ordinary share which was approved by shareholders at the Annual General Meeting convened on 25 April 2013.

Name of Dividend	Ordinary Tax Exempt
Dividend Type	Cash
Dividend amount per share (in cents)	0.50 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 16 May 2014.

### (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 Monday, 5 May 2014 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 Friday, 2 May 2014 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**

**FY2013**

	Mechanics	Integrated Manufacturing Services	Investment Holding	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Turnover</b>					
External revenue	273,857	170,861	19	-	444,737
Inter-segment sales	-	-	734	(734)	-
	<u>273,857</u>	<u>170,861</u>	<u>753</u>	<u>(734)</u>	<u>444,737</u>
<b>Segment results</b>	<u>11,152</u>	<u>13,728</u>	<u>(14)</u>	<u>-</u>	<u>24,866</u>
Interest income	10	29	218	-	257
Finance costs	(796)	(694)	(768)	-	(2,258)
Profit before exceptional items and income tax					22,865
Exceptional items:					
Impairment loss of financial asset, available-for-sale	-	-	(403)	-	(403)
Profit before income tax					22,462
Income tax expense	(1,264)	(3,029)	(37)	-	(4,330)
Total profit					<u>18,132</u>
Segment assets	<u>168,642</u>	<u>153,063</u>	<u>13,390</u>	<u>-</u>	<u>335,095</u>
Segment liabilities	<u>75,525</u>	<u>52,028</u>	<u>477</u>	<u>-</u>	<u>128,030</u>
Other segment information:					
Capital expenditure	10,179	6,236	6	-	16,421
Depreciation and amortisation	8,862	12,895	2	-	21,759
Other non-cash expenses other than depreciation and amortisation	66	302	-	-	368
Amortisation of deferred gain	1,063	-	-	-	1,063

**FY2012**

	Mechanics	Integrated Manufacturing Services	Investment Holding	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Turnover</b>					
External revenue	270,484	90,454	19	-	360,957
Inter-segment sales	-	-	642	(642)	-
	<u>270,484</u>	<u>90,454</u>	<u>661</u>	<u>(642)</u>	<u>360,957</u>
<b>Segment results</b>	<u>11,879</u>	<u>(10,180)</u>	<u>(268)</u>	<u>-</u>	<u>1,431</u>
Interest income	84	13	90	-	187
Finance costs	(594)	(299)	(240)	-	(1,133)
Profit before exceptional items and income tax					485
Exceptional items:					
Acquisition expenses	-	-	(2,030)	-	(2,030)
Impairment loss of financial asset, available-for-sale	-	-	(390)	-	(390)
Impairment loss of goodwill in subsidiary	-	(3,309)	-	-	(3,309)
Impairment loss of deferred development costs	-	(1,729)	-	-	(1,729)
Negative goodwill arising from acquisition	-	1,148	-	-	1,148
Profit before income tax					(5,825)
Income tax expense	(2,158)	(3,717)	(24)	-	(5,899)
Total loss					<u>(11,724)</u>
Segment assets	<u>166,225</u>	<u>150,249</u>	<u>39,305</u>	<u>-</u>	<u>355,779</u>
Segment liabilities	<u>76,630</u>	<u>53,510</u>	<u>37,633</u>	<u>-</u>	<u>167,773</u>
Other segment information:					
Capital expenditure	7,990	8,873	1	-	16,864
Depreciation and amortisation	8,639	6,230	2	-	14,871
Other non-cash expenses other than depreciation and amortisation	450	95	38	-	583
Amortisation of deferred gain	1,063	-	-	-	1,063

**13 (b) Segmented revenue and results for geographical segments****FY2013**

	Asia \$'000	Europe \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Turnover					
External revenue	180,865	252,927	15,262	(4,317)	444,737
Total assets	229,506	101,278	4,311	-	335,095
Capital expenditure	9,074	7,283	64	-	16,421

**FY2012**

	Asia \$'000	Europe \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Turnover					
External revenue	121,968	227,846	18,703	(7,560)	360,957
Total assets	252,883	99,153	3,743	-	355,779
Capital expenditure	10,962	5,709	193	-	16,864

**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.**

	31/12/13 \$'000	31/12/12 \$'000	% increase/ (decrease)
Sales reported for first half year	215,709	182,393	18.3%
Operating profit after tax before deducting minority interests reported for first half year	7,390	514	1337.7%
Sales reported for second half year	229,028	178,564	28.3%
Operating profit/(loss) after tax before deducting minority interests reported for second half year	10,742	(12,238)	N.M.

**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 2013 \$'000	Previous Full 2012 \$'000
Ordinary Dividend	5,576	1,981
Preference Dividend	-	-
Total	5,576	1,981

**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)	
	31/12/13	31/12/12
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.

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	50	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  
 27-Feb-14