



FRENCKEN GROUP LIMITED

(Registration No. 199905084D)

Unaudited Third Quarter Financial Statements And Dividend Announcement

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

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

	3 months ended			9 months ended		
	30/09/12	30/09/11	%	30/09/12	30/09/11	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Revenue	83,253	77,911	6.9%	265,646	249,325	6.5%
Cost of sales	(77,584)	(71,826)	8.0%	(243,640)	(223,124)	9.2%
Gross profit	5,669	6,085	-6.8%	22,006	26,201	-16.0%
Other income	578	690	-16.2%	2,667	3,364	-20.7%
Selling and distribution expenses	(2,272)	(1,551)	46.5%	(6,843)	(5,269)	29.9%
Administrative and general expenses	(4,258)	(4,214)	1.0%	(14,004)	(12,876)	8.8%
Other operating expenses	(567)	(36)	1475.0%	(1,567)	(1,306)	20.0%
Interest income	44	80	-45.0%	91	395	-77.0%
Finance costs	(197)	(89)	121.3%	(523)	(324)	61.4%
(Loss)/Profit before income tax and exceptional item	(1,003)	965	N.M.	1,827	10,185	-82.1%
Exceptional item (Note 1)	(87)	-	N.M.	(605)	-	N.M.
(Loss)/Profit before income tax	(1,090)	965	N.M.	1,222	10,185	-88.0%
Income tax expense	(407)	(27)	1407.4%	(2,205)	(1,974)	11.7%
Total (loss)/profit	(1,497)	938	N.M.	(983)	8,211	N.M.
(Loss)/Profit attributable to:						
Equity holders of the Company	(1,516)	938	N.M.	(1,034)	8,211	N.M.
Non-controlling interests	19	-	N.M.	51	-	N.M.
	(1,497)	938	N.M.	(983)	8,211	N.M.

Note 1 :

This is in respect of acquisition expenses incurred in relation to the 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			9 months ended		
	30/09/12	30/09/11	%	30/09/12	30/09/11	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Profit for the period is arrived at after charging/(crediting) :-						
Investment income	-	-	-	-	-	-
Other income including interest income	(622)	(770)	-19.2%	(2,758)	(3,759)	-26.6%
Interest on borrowings	197	89	121.3%	523	324	61.4%
Depreciation of property, plant and equipment	3,109	2,951	5.4%	9,311	8,760	6.3%
Amortisation of deferred development costs	77	-	N.M.	180	-	N.M.
(Write-back)/Allowance for doubtful debts and bad debts written off	(32)	(344)	-90.7%	(32)	(432)	-92.6%
(Write back)/Allowance for inventory obsolescence	126	190	-33.7%	100	564	-82.3%
Impairment in value of investments	-	-	-	-	-	-
Foreign exchange (gain)/ loss, net	624	83	651.8%	1,306	391	234.0%
Adjustments for (over)/ under provision of tax in respect of prior years	(5)	124	N.M.	(5)	122	N.M.
(Gain)/Loss on disposal of property, plant and equipment	(28)	(18)	55.6%	(174)	(33)	427.3%
Property, plant and equipment written off	1	11	-90.9%	2	26	-92.3%
Exceptional item						
- Acquisition expenses	87	-	N.M.	605	-	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	
	30/09/12 \$'000	31/12/11 \$'000	30/09/12 \$'000	31/12/11 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	74,079	74,729	-	-
Investments in subsidiaries	-	-	86,343	74,371
Financial asset, available-for-sale	30,261	5,700	30,261	5,700
Goodwill arising on consolidation	12,676	10,358	-	-
Deferred income tax assets	4,194	3,559	-	-
Deferred development costs	2,128	1,885	-	-
Other receivables, deposits and prepayments	4,218	4,556	-	-
	<u>127,556</u>	<u>100,787</u>	<u>116,604</u>	<u>80,071</u>
CURRENT ASSETS				
Inventories	71,795	70,830	-	-
Trade receivables	72,168	69,963	-	-
Receivables from subsidiaries	-	-	4,733	5,055
Dividends receivable from subsidiaries	-	-	-	3,637
Other receivables, deposits and prepayments	4,407	4,981	12	24
Tax recoverable	720	433	-	-
Cash and cash equivalents	41,866	35,495	34,573	17,095
	<u>190,956</u>	<u>181,702</u>	<u>39,318</u>	<u>25,811</u>
Total assets	318,512	282,489	155,922	105,882
CURRENT LIABILITIES				
Trade payables	34,654	32,340	-	-
Other payables, accruals and provisions	23,334	26,028	361	819
Deferred gain	1,063	1,063	-	-
Borrowings	52,471	20,447	6,760	-
Income tax payable	437	366	5	5
	<u>111,959</u>	<u>80,244</u>	<u>7,126</u>	<u>824</u>
NON CURRENT LIABILITIES				
Deferred gain	4,253	5,050	-	-
Borrowings	14,252	35	14,013	-
Deferred income tax liabilities	662	798	-	-
	<u>19,167</u>	<u>5,883</u>	<u>14,013</u>	<u>-</u>
Total liabilities	<u>131,126</u>	<u>86,127</u>	<u>21,139</u>	<u>824</u>
NET ASSETS	<u>187,386</u>	<u>196,362</u>	<u>134,783</u>	<u>105,058</u>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	90,552	90,552	90,552	90,552
Treasury shares	(1,903)	(1,998)	(1,903)	(1,998)
Foreign currency translation reserve	(15,350)	(8,962)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	(112)	(102)	(112)	(102)
Statutory reserve fund	557	506	-	-
Share option reserve	1,749	1,447	1,749	1,447
Retained profits	109,272	112,574	44,497	15,159
	<u>187,110</u>	<u>196,362</u>	<u>134,783</u>	<u>105,058</u>
Non-controlling interests	276	-	-	-
TOTAL EQUITY	<u>187,386</u>	<u>196,362</u>	<u>134,783</u>	<u>105,058</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 30/09/12	
Secured \$'000	Unsecured \$'000
37,919	14,552

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

Amount repayable after one year

As at 30/09/12	
Secured \$'000	Unsecured \$'000
14,252	-

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

Details of any collateral

Details of the secured borrowings of the Group as at 30 September 2012 are as follows:

- (i) finance lease liabilities are secured by certain equipment and motor vehicles of the Group.
- (ii) bank overdraft of \$30,994,000 is secured by mortgage over a property, pledged on the trade receivables and inventories of all subsidiaries of the Company in The Netherlands
- (iii) term loan of \$20,773,000 is secured by fixed deposit pledged of \$10,387,000 by the Company and a charge over the shares of Juken Technology Limited.

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 30/09/12	30/09/11	9 months ended 30/09/12	30/09/11
	\$ '000	\$ '000	\$ '000	\$ '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Total (loss)/profit	(1,497)	938	(983)	8,211
Adjustments for:				
Income tax expense	407	27	2,205	1,974
Exchange differences	727	(154)	986	149
Employee share option expense	97	209	354	618
Depreciation of property, plant and equipment	3,109	2,951	9,311	8,760
Loss/(Gain) on disposal of property, plant and equipment, net	(28)	(18)	(174)	(33)
Property, plant and equipment written off	1	11	2	26
Interest income	(44)	(80)	(91)	(395)
Interest expense	197	89	523	324
Amortisation of deferred gain	(265)	(265)	(797)	(797)
Amortisation of deferred development costs	77	-	180	-
Operating cash flow before working capital changes	2,781	3,708	11,516	18,837
Changes in operating assets and liabilities :				
Inventories	4,681	408	(2,586)	(12,155)
Receivables	1,730	(225)	(3,746)	6,791
Payables	(10,490)	(3,764)	428	(3,127)
Cash flows (used in)/generated from operations	(1,298)	127	5,612	10,346
Tax paid	(1,590)	(1,160)	(3,313)	(2,245)
Tax refunded	37	-	37	-
Interest paid	(197)	(89)	(523)	(324)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(3,048)	(1,122)	1,813	7,777
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	44	80	91	395
Addition of deferred development costs	(219)	-	(475)	-
Purchase of property, plant and equipment (Note 1)	(3,478)	(4,467)	(9,600)	(14,526)
Proceeds from disposal of property, plant and equipment	58	77	246	228
Acquisition of a subsidiary, net of cash acquired (Note 2)	-	-	(3,284)	-
Purchases of available-for-sale financial assets	(24,561)	-	(24,561)	-
NET CASH USED IN INVESTING ACTIVITIES	(28,156)	(4,310)	(37,583)	(13,903)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from re-issuance of treasury shares	47	40	62	384
Purchase of treasury shares	-	-	-	(73)
Repayment of finance lease liabilities	(20)	(98)	(191)	(282)
Repayment of short term borrowings	(41,352)	(26,681)	(95,912)	(55,580)
Repayment of term loans	-	-	-	(6,048)
Proceeds from short term borrowings	33,677	27,969	92,219	59,051
Proceeds from term loans	20,773	-	20,773	-
Dividend paid to shareholders	-	-	(2,246)	(5,296)
Placement of deposits pledged as securities	(10,387)	-	(10,387)	-
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	2,738	1,230	4,318	(7,844)
Net decrease in cash and cash equivalents	(28,466)	(4,202)	(31,452)	(13,970)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD / YEAR	29,206	43,344	32,675	52,998
Effect of exchange rate changes on cash and cash equivalents	(361)	(361)	(844)	(247)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	379	38,781	379	38,781

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		9 months ended	
	30/09/12	30/09/11	30/09/12	30/09/11
	\$ '000	\$ '000	\$ '000	\$ '000
Cash and cash equivalents at end of the financial period comprise:				
Short term fund placed with a Malaysian financial institution	16	3,523	16	3,523
Deposits with licensed banks	32,012	18,275	32,012	18,275
Cash and bank balances	9,838	21,116	9,838	21,116
Bank overdrafts	(31,100)	(4,133)	(31,100)	(4,133)
	10,766	38,781	10,766	38,781
Less: Deposits pledge as securities	(10,387)	-	(10,387)	-
	379	38,781	379	38,781

Note 1 :

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$10,681,000 (30.09.2011: \$15,942,000) of which \$239,000 (30.09.2011: \$Nil) was acquired by means of finance lease arrangement and \$842,000 (30.09.2011: \$1,416,000) included in other payables at balance sheet date. Cash payments of \$9,600,000 (30.09.2011: \$14,526,000) were made to purchase these property, plant and equipment.

Note 2 :

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

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

	\$ '000
Property, plant and equipment	661
Inventories	1,153
Trade receivables	724
Cash and cash equivalents	200
Trade and other payables	(526)
Bank borrowings	(992)
Identifiable net assets acquired	1,220
Less: Non-controlling interest at fair value	(244)
Add: Provisional goodwill	2,508
Consideration transferred to the business	3,484

Purchase consideration

Cash paid	3,484
Contingent consideration	-
Total purchase consideration	3,484

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

Cash paid (as above)	3,484
Less : Cash and cash equivalents in subsidiary acquired	(200)
Net cash outflow on acquisition	3,284

1(d) Consolidated statement of comprehensive income

	3 months ended		9 months ended	
	30/09/12	30/09/11	30/09/12	30/09/11
	\$'000	\$'000	\$ '000	\$ '000
<u>Statement of Comprehensive Income</u>				
Total (loss)/profit	(1,497)	938	(983)	8,211
Other comprehensive expense for the period :				
- Currency translation differences	(2,641)	(2,145)	(6,407)	(1,844)
Total comprehensive (expense)/ income for the period	(4,138)	(1,207)	(7,390)	6,367
Attributable to:				
Equity holders of the Company	(4,152)	(1,207)	(7,422)	6,367
Non-controlling interests	14	-	32	-
Total comprehensive (expense)/income for the period	(4,138)	(1,207)	(7,390)	6,367

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 30 September 2012 and 30 September 2011

	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
The Group											
At 1 July 2012	90,552	(1,975)	(12,714)	2,345	(103)	554	1,690	110,769	191,118	262	191,380
Total comprehensive (expense)/ income for the quarter	-	-	(2,636)	-	-	-	-	(1,516)	(4,152)	14	(4,138)
Transfer to statutory reserve fund	-	-	-	-	-	3	-	(3)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	97	-	97	-	97
- Treasury shares re-issued	-	72	-	-	(9)	-	(16)	-	47	-	47
Transfer arising from forfeited share options	-	-	-	-	-	-	(22)	22	-	-	-
At 30 September 2012	<u>90,552</u>	<u>(1,903)</u>	<u>(15,350)</u>	<u>2,345</u>	<u>(112)</u>	<u>557</u>	<u>1,749</u>	<u>109,272</u>	<u>187,110</u>	<u>276</u>	<u>187,386</u>
At 1 July 2011	90,552	(2,063)	(5,599)	2,345	(91)	567	1,092	112,445	199,248	-	199,248
Total comprehensive (expense)/ income for the quarter	-	-	(2,145)	-	-	-	-	938	(1,207)	-	(1,207)
Transfer to statutory reserve fund	-	-	-	-	-	(42)	-	42	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	209	-	209	-	209
- Treasury shares re-issued	-	65	-	-	(11)	-	(14)	-	40	-	40
At 30 September 2011	<u>90,552</u>	<u>(1,998)</u>	<u>(7,744)</u>	<u>2,345</u>	<u>(102)</u>	<u>525</u>	<u>1,287</u>	<u>113,425</u>	<u>198,290</u>	<u>-</u>	<u>198,290</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		
The Company											
At 1 July 2012	90,552	(1,975)	-	-	(103)	-	1,690	32,379	122,543		
Total comprehensive income for the quarter	-	-	-	-	-	-	-	12,118	12,118		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	97	-	97		
- Treasury shares re-issued	-	72	-	-	(9)	-	(16)	-	47		
Reversal arising from forfeited share options	-	-	-	-	-	-	(22)	-	(22)		
At 30 September 2012	<u>90,552</u>	<u>(1,903)</u>	<u>-</u>	<u>-</u>	<u>(112)</u>	<u>-</u>	<u>1,749</u>	<u>44,497</u>	<u>134,783</u>		
At 1 July 2011	90,552	(2,063)	-	-	(91)	-	1,092	12,808	102,298		
Total comprehensive expense for the quarter	-	-	-	-	-	-	-	(15)	(15)		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	209	-	209		
- Treasury shares re-issued	-	65	-	-	(11)	-	(14)	-	40		
At 30 September 2011	<u>90,552</u>	<u>(1,998)</u>	<u>-</u>	<u>-</u>	<u>(102)</u>	<u>-</u>	<u>1,287</u>	<u>12,793</u>	<u>102,532</u>		

(b) Statement of changes in equity for the nine months ended 30 September 2012 and 30 September 2011

	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
The Group											
At 1 January 2012	90,552	(1,998)	(8,962)	2,345	(102)	506	1,447	112,574	196,362	-	196,362
Total comprehensive (expense)/ income for the financial period	-	-	(6,388)	-	-	-	-	(1,034)	(7,422)	32	(7,390)
Transfer to statutory reserve fund	-	-	-	-	-	51	-	(51)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	354	-	354	-	354
- Treasury shares re-issued	-	95	-	-	(10)	-	(23)	-	62	-	62
Transfer arising from forfeited share options	-	-	-	-	-	-	(29)	29	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	244	244
Dividend paid	-	-	-	-	-	-	-	(2,246)	(2,246)	-	(2,246)
At 30 September 2012	<u>90,552</u>	<u>(1,903)</u>	<u>(15,350)</u>	<u>2,345</u>	<u>(112)</u>	<u>557</u>	<u>1,749</u>	<u>109,272</u>	<u>187,110</u>	<u>276</u>	<u>187,386</u>
At 1 January 2011	90,552	(2,544)	(5,900)	2,345	-	571	802	110,464	196,290	-	196,290
Total comprehensive (expense)/ income for the financial period	-	-	(1,844)	-	-	-	-	8,211	6,367	-	6,367
Purchase of treasury share	-	(73)	-	-	-	-	-	-	(73)	-	(73)
Transfer to statutory reserve fund	-	-	-	-	-	(46)	-	46	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	618	-	618	-	618
- Treasury shares re-issued	-	619	-	-	(102)	-	(133)	-	384	-	384
Dividend paid	-	-	-	-	-	-	-	(5,296)	(5,296)	-	(5,296)
At 30 September 2011	<u>90,552</u>	<u>(1,998)</u>	<u>(7,744)</u>	<u>2,345</u>	<u>(102)</u>	<u>525</u>	<u>1,287</u>	<u>113,425</u>	<u>198,290</u>	<u>-</u>	<u>198,290</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	
The Company										
At 1 January 2012	90,552	(1,998)	-	-	(102)	-	1,447	15,159	105,058	
Total comprehensive income for the financial period	-	-	-	-	-	-	-	31,584	31,584	
Employee share option scheme - Value of employee services	-	-	-	-	-	-	354	-	354	
- Treasury share re-issued	-	95	-	-	(10)	-	(23)	-	62	
Reversal arising from forfeited share options	-	-	-	-	-	-	(29)	-	(29)	
Dividend paid	-	-	-	-	-	-	-	(2,246)	(2,246)	
At 30 September 2012	<u>90,552</u>	<u>(1,903)</u>	<u>-</u>	<u>-</u>	<u>(112)</u>	<u>-</u>	<u>1,749</u>	<u>44,497</u>	<u>134,783</u>	
At 1 January 2011	90,552	(2,544)	-	-	-	-	802	18,128	106,938	
Total comprehensive expense for the financial period	-	-	-	-	-	-	-	(39)	(39)	
Purchase of treasury shares	-	(73)	-	-	-	-	-	-	(73)	
Employee share option scheme - Value of employee services	-	-	-	-	-	-	618	-	618	
- Treasury shares re-issued	-	619	-	-	(102)	-	(133)	-	384	
Dividend paid	-	-	-	-	-	-	-	(5,296)	(5,296)	
At 30 September 2011	<u>90,552</u>	<u>(1,998)</u>	<u>-</u>	<u>-</u>	<u>(102)</u>	<u>-</u>	<u>1,287</u>	<u>12,793</u>	<u>102,532</u>	

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

Issued and paid up capital

During the quarter, there were no ordinary shares bought back from the market. The Company re-issued 160,000 and 130,000 treasury shares during the quarter pursuant to the Company's employee share option scheme at the exercise price of \$0.155 and \$0.168 each respectively. The total cost of the treasury shares re-issued amounted to \$72,384. The number of treasury shares held as at the end of current quarter was 7,621,000 shares.

	Total number of issued shares as at	
	30/09/12	30/09/11
Number of issued shares	376,184,325	376,184,325
Number of treasury shares	(7,621,000)	(8,001,000)
Total number of issued shares excluding treasury shares	368,563,325	368,183,325

Share options

The movement of share options of the Company during the period from 1 July 2012 to 30 September 2012 is as follows:

Date of grant	Number of ordinary shares under option					Exercise Price	Exercise period
	As at 1.7.2012	Granted during the period	Forfeited during the period	Exercised during the period	As at 30.09.2012		
1.12.2008 (2008 Option)	5,900,000	-	-	(160,000)	5,740,000	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	7,910,000	-	(320,000)	(130,000)	7,460,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	8,520,000	-	(320,000)	-	8,200,000	\$0.224	1.12.2012 - 30.11.2020
	22,330,000	-	(640,000)	(290,000)	21,400,000		

	Total number of shares as at	
	30/09/12	30/09/11
Total number of shares that may be issued on exercise of share options outstanding	21,400,000	23,080,000

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	
	30/09/12	31/12/11
Total number of issued shares excluding treasury shares	368,563,325	368,183,325

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.

During the quarter, the Company re-issued 290,000 treasury shares pursuant to the Company's employee share option scheme. The cost of the treasury shares re-issued amounted to \$72,384.

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 2012.

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 9M ended	
	30/09/12	30/09/11	30/09/12	30/09/11
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)	(0.41)	0.25	(0.28)	2.24
- Weighted average number of shares (in thousand)	368,507	368,150	368,297	367,305
(ii) On a fully diluted basis (in cents)	(0.41)	0.25	(0.28)	2.22
- Adjusted weighted average number of shares (in thousand)	371,447	370,882	372,110	370,536

Basic earnings per share for the period 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 30 September 2012 and financial period ended 30 September 2012 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	
	30/09/12	31/12/11	30/09/12	31/12/11
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	50.77	53.33	36.57	28.53

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 30.09.2012 of 368,563,325 (31.12.2011 : 368,183,325).

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, Malaysia and the USA.
- The EMS Division offers integrated design and manufacturing services for automotive, office automation and other consumer products from a manufacturing complex in Penang, Malaysia.

Income Statement

Group Revenue

	1Q	2Q	3Q	4Q	Full Year
FY2012 (S\$ m)	89.7	92.7	83.3	-	-
FY2011 (S\$ m)	82.8	88.6	77.9	86.2	335.5
y-o-y (%)	8.3	4.6	6.9	-	-

For the three months ended 30 September 2012 (3Q12), the Group recorded revenue of S\$83.3 million, an increase of 6.9% year-on-year (yoy) from S\$77.9 million in 3Q11 due to higher sales of both the Mechatronics and EMS Divisions. On a sequential basis however, the Group's revenue declined 10.2% quarter-on-quarter (qoq) from S\$92.7 million in 2Q12, due primarily to lower sales of the Mechatronics Division.

For the nine months ended 30 September 2012 (9M12), the Group reported revenue of S\$265.7 million, an increase of 6.5% from S\$249.3 million in 9M11 attributable to higher sales of both the Mechatronics and EMS Divisions.

Revenue breakdown by Division

	3Q12		3Q11		y-o-y	9M12	9M11	y-o-y
	S\$ m	%	S\$ m	%	%	S\$ m	S\$ m	%
Mechatronics	66.4	79.7	61.8	79.4	7.2	212.4	198.4	7.0
EMS	16.9	20.3	16.1	20.6	5.6	53.3	50.9	4.8
Total	83.3	100.0	77.9	100.0	6.9	265.7	249.3	6.5

Revenue at the Mechatronics Division increased 7.2% to S\$66.4 million in 3Q12 from S\$61.8 million in 3Q11 which is mainly attributable to improved sales to customers in the analytical and *others* business segments. As approximately 60% of the Mechatronics Division's sales are in Euro, this division's revenue would have been higher in 3Q12 if not for the 10.5% depreciation of the Euro against the Singapore Dollar when compared to 3Q11.

Sequentially, the Mechatronics Division's revenue in 3Q12 was down by 13.7% from S\$76.9 million in 2Q12 which can be attributed to the seasonally slower period arising from the summer holiday season in Europe.

Revenue at the EMS Division in 3Q12 increased 5.6% to S\$16.9 million, from S\$16.1 million in 3Q11. This was a 7.0% qoq increase from S\$15.8 million in 2Q12. Higher sales of the automotive and tooling segments offset lower sales of the office automation and *others* business segments.

For 9M12, the Mechatronics Division recorded revenue of S\$212.4 million, an increase of 7.0% from S\$198.4 million in 9M11, to account for a dominant 79.9% share of Group revenue. Revenue at the EMS Division increased 4.8% to S\$53.3 million in 9M12, from S\$50.9 million in 9M11 due mainly to higher sales of the automotive segment.

Mechatronics Division

Revenue breakdown by Business Segment

	3Q12	3Q11	y-o-y	2Q12	9M12	9M11	y-o-y
	S\$ m	S\$ m	%	S\$ m	S\$ m	S\$ m	%
Semiconductor	15.9	16.0	(1.2)	18.5	48.6	56.4	(13.8)
Medical	17.0	16.8	1.3	16.2	50.2	45.3	10.7
Analytical	15.7	12.9	21.2	19.4	52.7	44.7	17.8
Industrial Automation	9.2	8.9	3.3	14.3	35.4	29.6	19.6
Others	8.6	7.2	19.1	8.5	25.5	22.4	13.6
Total	66.4	61.8	7.2	76.9	212.4	198.4	7.0

Revenue from the semiconductor segment was down 1.2% to S\$15.9 million from S\$16.0 million in 3Q11, as higher sales to customers in Asia offset a sales decline in Europe. Sequentially however, sales of this segment in 3Q12 decreased 14.6% qoq from S\$18.5 million in 2Q12. Sales of the semiconductor segment are typically cyclical in nature.

Revenue from the medical segment of S\$17.0 million in 3Q12 was steady compared to S\$16.8 million in 3Q11 and up 5.3% qoq from S\$16.2 million in 2Q12, attributable mainly to increased sales in Asia.

The analytical segment saw revenue growth of 21.2% to S\$15.7 million in 3Q12, compared to S\$12.9 million in 3Q11, driven by improved sales in both Europe and Asia. On a sequential basis however, this segment registered a decrease of 19.4% qoq from S\$19.4 million in 2Q12, attributable to seasonally slower demand from customers.

Revenue from the industrial automation segment increased 3.3% to S\$9.2 million in 3Q12 from S\$8.9 million in 3Q11 but decreased 35.7% qoq from S\$14.3 million in 2Q12. Sales of the industrial automation segment are typically lumpy in nature.

Revenue from customers in *others* business segments increased 19.1% to S\$8.6 million in 3Q12, from S\$7.2 million in 3Q11, due to revenue contribution from Frencken America Inc. and was flat qoq as compared to S\$8.5 million in 2Q12.

For 9M12, the Mechatronics Division reported a balanced spread of revenue from its various segments. The analytical segment provided the largest contribution of 24.8%. The medical and semiconductor segments accounted for 23.6% and 22.9% respectively while the industrial automation segment contributed 16.7% of the division's revenue.

EMS Division

Revenue breakdown by Business Segment

	3Q12	3Q11	y-o-y	2Q12	9M12	9M11	y-o-y
	S\$ m	S\$ m	%	S\$ m	S\$ m	S\$ m	%
Automotive	9.5	6.8	39.9	8.8	27.7	17.7	56.4
Office Automation	5.5	6.8	(19.6)	5.8	17.9	21.5	(17.0)
Others	0.5	1.5	(64.7)	0.8	2.9	5.2	(42.6)
Tooling *	1.4	1.0	43.4	0.4	4.8	6.5	(25.6)
Total	16.9	16.1	5.6	15.8	53.3	50.9	4.8

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

The automotive segment recorded revenue growth of 39.9% to S\$9.5 million in 3Q12 from S\$6.8 million in 3Q11, due mainly to projects that commenced commercial production during the first half of 2012. On a qoq basis, revenue of this segment in 3Q12 also increased 8.2% from S\$8.8 million in 2Q12.

Revenue from the office automation segment in 3Q12 decreased 19.6% to S\$5.5 million from S\$6.8 million in 3Q11. This was mainly due to softer market conditions.

Sales of the *others* segment decreased 64.7% to S\$0.5 million in 3Q12 from S\$1.5 million in 3Q11.

Revenue derived from tooling for the automotive and office automation segments of S\$1.4 million in 3Q12 was higher than S\$1.0 million in 3Q11 and S\$0.4 million in 2Q12. Revenue for this segment is typically lumpy as it depends on the timing as to when the tools are approved by the customers before billing.

For 9M12, revenue of the automotive segment increased 56.4% to S\$27.7 million and accounted for 51.9% of the EMS Division's revenue, compared to its contribution of 34.8% in 9M11. The office automation segment accounted for 33.5% of the division's revenue.

Gross Profit Margin

The Group's gross profit (GP) decreased 6.8% to S\$5.7 million in 3Q12 from S\$6.1 million in 3Q11. Group GP margin softened to 6.8% in 3Q12 from 7.8% in 3Q11 due mainly to higher production overhead costs, a shift in the Mechatronics Division's sales mix, lower than envisaged production efficiencies of the EMS Division's automotive segment and the adverse impact of the Euro's depreciation against the Malaysian Ringgit.

Other Income

Other income in 3Q12 decreased 16.2% to S\$0.6 million from S\$0.7 million in 3Q11, attributable mainly to lower government grants.

Operating Expenses

Selling and distribution expenses in 3Q12 increased 46.5% to S\$2.3 million from S\$1.6 million in 3Q11 due mainly to higher freight costs from increased automotive sales.

Administrative and general expenses were unchanged at S\$4.2 million in 3Q12. Other operating expenses in 3Q12 increased to S\$0.6 million from S\$36,000 in 3Q11 due mainly to foreign exchange losses.

Finance Costs

Finance costs increased to S\$0.2 million in 3Q12, from S\$0.1 million in 3Q11, due mainly to higher borrowing cost for working capital.

Exceptional Item

In 3Q12, the Group incurred acquisition related expenses amounting to S\$0.1 million in respect of the Group's acquisition of Juken Technology Limited ("Juken").

Taxation

Income tax expense increased to S\$0.4 million in 3Q12 from S\$27,000 in 3Q11. The Group has a higher effective tax rate of 37.3% in 3Q12, compared to 2.8% in 3Q11, as the losses of some subsidiaries cannot be set off against the profits of subsidiaries in different tax jurisdictions.

Group Net Profit Attributable to Equity Holders of the Company

	1Q	2Q	3Q	4Q	Full Year
FY2012 (S\$ m)	0.3	0.2	(1.5)	-	-
FY2011 (S\$ m)	3.0	4.2	1.0	(0.9)	7.3
y-o-y (%)	(90.6)	(95.0)	N.M.	-	-

For 3Q12, the Group reported a loss of S\$1.5 million, compared to net profit of S\$1.0 million in 3Q11, as a result of lower net profit of the Mechatronics Division and a loss recorded at the EMS Division.

For 9M12, the Group registered a loss of S\$1.0 million, inclusive of exceptional item of S\$0.6 million for the acquisition of Juken, compared to net profit of S\$8.2 million in 9M11.

Balance Sheet

As at 30 September 2012, the Group's balance sheet showed shareholders' equity of S\$187.1 million, which is equivalent to a net asset value of 50.8 cents per share.

The Group had total assets of S\$318.5 million as at 30 September 2012, compared to S\$282.5 million as at 31 December 2011. Property, plant and equipment stood at S\$74.1 million, compared to \$74.7 million at the end of December 2011. Capital investments in additional production equipment and the acquisition of Frencken America Inc. during 9M12 were offset by increased depreciation charges.

The Group's inventories were slightly higher at S\$71.8 million as at 30 September 2012, compared to S\$70.8 million at the end of December 2011.

Trade receivables increased to S\$72.2 million at the end of September 2012, from S\$70.0 million as at 31 December 2011, while trade payables increased to S\$34.7 million, compared to S\$32.3 million at the end of FY2011.

Net borrowings of S\$24.9 million as at 30 September 2012 were principally used for the acquisition of Juken.

The increase in financial assets, available-for-sale of \$24.6 million from 31 December 2011 to 30 September 2012 was attributable to the acquisition of Juken.

Cash Flow Analysis

The Group used net cash of S\$3.0 million for operating activities in 3Q12, mainly due to higher working capital and tax paid.

Net cash used for investing activities, amounting to S\$28.2 million during 3Q12, was mainly due to the acquisition of Juken and capital expenditure.

The Group generated net cash of S\$2.7 million from financing activities in 3Q12, mainly attributable to net proceeds from borrowings.

As a result of the above, the Group ended 3Q12 with a net decrease in cash and cash equivalents of S\$28.5 million. When added to its opening cash and cash equivalents of S\$29.2 million and after accounting for the negative effects of foreign currency movements on its opening cash and cash equivalents of S\$0.3 million, the Group had an ending cash balance of S\$0.4 million as at 30 September 2012.

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 performance in 3Q12 is in line with the guidance provided in its announcement posted on the SGX website on 25 October 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 operating environment continued to be difficult in 3Q12 as a result of lingering economic uncertainties. While the Group posted single-digit revenue growth in 9M12 due to higher sales of the medical, analytical, industrial automation and automotive segments, it recorded a loss of S\$1.0 million in 9M12 due to a decline in GP margin, increased operating expenses and exceptional expenses for the acquisition of Juken.

Business conditions are likely to remain challenging in the last quarter of 2012. Hence, the Group expects a loss in FY2012.

Update on Acquisition of Juken Technology Limited (“Juken”)

On 4 October 2012, Frencken received acceptances of Frencken's offer for more than 90% of the issued share capital of Juken which entitles the Group to exercise its right of compulsory acquisition for the remaining shares. Frencken will exercise this right of compulsory acquisition after 23 November 2012.

Mechatronics Division

Despite the difficult operating environment, the Mechatronics Division continues to maintain a healthy pipeline of new projects. Many of these projects however are still at various stages of development and industrialisation, which is typically a lengthy process of between 1 to 3 years.

The semiconductor segment, which is typically cyclical in nature, is expected to continue experiencing soft sales in the short term while the industrial automation segment may be subject to sales volatility. Revenue of the Mechatronics Division may also be affected by weaknesses of the Euro and US Dollar against the Singapore dollar. However, the medical and analytical segments are expected to continue benefiting from steady demand in the last quarter of FY2012.

EMS Division

With the start of commercial production for a major project in 2012, the automotive segment showed stronger sales during 9M12 and accounted for a larger 51.9% of the EMS Division's revenue, compared to 43.8% in 9M11.

The acquisition of Juken will contribute positively to the Group's earnings. However, the EMS Division continues to face challenges in the near term. Besides softer market conditions for the office automation segment, the EMS Division is also facing adverse Euro/RM exchange rates, and experiencing lower-than-envisaged production efficiencies.

11. Dividend

(a) Current Financial Period Reported on

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

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

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

Not applicable.

PART 11- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Only applies to full year results

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

Only applies to full year results

15. A breakdown of sales.

Only applies to full year results

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

Only applies to full year results

17. Interested Person Transactions

Name of Interested Person	Aggregate value of all IPTs during the financial period under review (excluding transactions less than \$100,000)	
	9 months ended	
	30/09/12 \$'000	30/09/11 \$'000
Not applicable	-	-

BY ORDER OF THE BOARD

Gooi Soon Hock
Executive Director
8-Nov-12

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

We, Gooi Soon Hock and Hendrik Gezinus Tappel, being two directors of Frencken Group Limited ("the Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the third quarter 2012 financial results to be false or misleading.

On behalf of the Board of Directors

(Signed)
Gooi Soon Hock
Executive Director

(Signed)
Hendrik Gezinus Tappel
Executive Director

Singapore, 8 November 2012