



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

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		
	30/09/13 \$'000	30/09/12 \$'000	% Change	30/09/13 \$'000	30/09/12 \$'000	% Change
Revenue	119,601	83,253	43.7%	335,310	265,646	26.2%
Cost of sales	(100,108)	(77,584)	29.0%	(283,762)	(243,640)	16.5%
Gross profit	19,493	5,669	243.9%	51,548	22,006	134.2%
Other income	2,261	578	291.2%	5,584	2,667	109.4%
Selling and distribution expenses	(2,909)	(2,272)	28.0%	(8,302)	(6,843)	21.3%
Administrative and general expenses	(9,478)	(4,258)	122.6%	(27,787)	(14,004)	98.4%
Other operating expenses	(4)	(567)	-99.3%	(537)	(1,567)	-65.7%
Interest income	89	44	102.3%	210	91	130.8%
Finance costs	(636)	(197)	222.8%	(1,889)	(523)	261.2%
Profit/(Loss) before income tax and exceptional item	8,816	(1,003)	N.M.	18,827	1,827	930.5%
Exceptional item (Note 1)	-	(87)	N.M.	-	(605)	N.M.
Profit/(Loss) before income tax	8,816	(1,090)	N.M.	18,827	1,222	1440.7%
Income tax expense	(1,883)	(407)	362.7%	(4,504)	(2,205)	104.3%
Total profit/(loss)	6,933	(1,497)	N.M.	14,323	(983)	N.M.
Profit/(Loss) attributable to:						
Equity holders of the Company	6,681	(1,516)	N.M.	13,923	(1,034)	N.M.
Non-controlling interests	252	19	1226.3%	400	51	684.3%
	6,933	(1,497)	N.M.	14,323	(983)	N.M.

Note 1

This was in respect of the 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		
	30/09/13	30/09/12	%	30/09/13	30/09/12	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Profit/(Loss) for the period is arrived at after charging/(crediting) :-						
Investment income	-	-	-	-	-	-
Other income including interest income	(2,350)	(622)	277.8%	(5,794)	(2,758)	110.1%
Interest on borrowings	636	197	222.8%	1,889	523	261.2%
Depreciation of property, plant and equipment	5,141	3,109	65.4%	15,080	9,311	62.0%
Amortisation of deferred gain	(266)	(265)	0.4%	(798)	(797)	0.1%
Amortisation of intangible assets	457	77	493.5%	1,331	180	639.4%
(Write-back)/Allowance for doubtful debts and bad debts written off	93	(32)	N.M.	94	(32)	N.M.
(Write back)/Allowance for inventory obsolescence	145	126	15.1%	130	100	30.0%
Impairment in value of investments	-	-	-	-	-	-
Foreign exchange (gain)/ loss, net	(1,113)	624	N.M.	(2,097)	1,306	N.M.
Adjustments for (over)/ under provision of tax in respect of prior years	(2)	(5)	-60.0%	(5)	(5)	0.0%
(Gain)/Loss on disposal of property, plant and equipment	(84)	(28)	200.0%	(219)	(174)	25.9%
Property, plant and equipment written off	71	1	7000.0%	150	2	7400.0%
Exceptional item						
- Acquisition expenses for acquisition of subsidiary	-	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	
	30/09/13 \$'000	31/12/12 \$'000	30/09/13 \$'000	31/12/12 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	108,535	111,477	-	-
Investments in subsidiaries	-	-	122,667	122,696
Financial asset, available-for-sale	5,310	5,310	5,310	5,310
Intangible assets	18,614	17,847	-	-
Deferred income tax assets	1,163	1,135	-	-
Other receivables, deposits and prepayments	3,597	3,540	-	-
	<u>137,219</u>	<u>139,309</u>	<u>127,977</u>	<u>128,006</u>
CURRENT ASSETS				
Inventories	89,822	82,024	-	-
Trade receivables	94,091	75,390	-	-
Receivables from subsidiaries	-	-	11,161	9,342
Dividends receivable from subsidiaries	-	-	4,000	3,161
Other receivables, deposits and prepayments	8,350	7,439	12	42
Tax recoverable	1,172	1,332	-	-
Cash and cash equivalents	48,193	50,285	25,957	30,226
	<u>241,628</u>	<u>216,470</u>	<u>41,130</u>	<u>42,771</u>
Total assets	378,847	355,779	169,107	170,777
CURRENT LIABILITIES				
Trade payables	53,907	40,342	-	-
Other payables, accruals and provisions	29,214	28,549	444	1,462
Deferred gain	1,063	1,063	-	-
Borrowings	55,851	48,110	9,000	-
Income tax payable	1,908	1,476	7	6
	<u>141,943</u>	<u>119,540</u>	<u>9,451</u>	<u>1,468</u>
NON-CURRENT LIABILITIES				
Deferred gain	3,189	3,987	-	-
Borrowings	28,381	40,490	24,750	36,054
Deferred income tax liabilities	3,047	3,756	-	-
	<u>34,617</u>	<u>48,233</u>	<u>24,750</u>	<u>36,054</u>
Total liabilities	<u>176,560</u>	<u>167,773</u>	<u>34,201</u>	<u>37,522</u>
NET ASSETS	<u>202,287</u>	<u>188,006</u>	<u>134,906</u>	<u>133,255</u>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	99,538	99,538	99,538	99,538
Treasury shares	(1,441)	(1,903)	(1,441)	(1,903)
Foreign currency translation reserve	(12,497)	(13,914)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	(149)	(112)	(149)	(112)
Statutory reserve fund	598	554	-	-
Share option reserve	1,687	1,835	1,687	1,835
Retained profits	110,426	98,499	35,271	33,897
	<u>200,507</u>	<u>186,842</u>	<u>134,906</u>	<u>133,255</u>
Non-controlling interests	1,780	1,164	-	-
TOTAL EQUITY	<u>202,287</u>	<u>188,006</u>	<u>134,906</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 30/09/13	
Secured \$'000	Unsecured \$'000
32,646	23,205

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

Amount repayable after one year

As at 30/09/13	
Secured \$'000	Unsecured \$'000
27,711	670

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 30 September 2013 are as follows:

	Note	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	20,084	991	21,075
Other short-term borrowings	(ii)	1,371	21,013	22,384
Finance lease	(iii)	3,568	-	3,568
Term Loans	(iv)	35,334	1,871	37,205
		<u>60,357</u>	<u>23,875</u>	<u>84,232</u>

(i) bank overdrafts of :-

- (a) \$19,705,000 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) \$379,000 is secured over first charge on the entire present and future fixed assets of a subsidiary in India.

(ii) other short-term borrowings of \$1,371,000 is secured by 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) \$33,750,000 is secured by a charge over the shares of Juken Technology Limited.
- (b) \$944,000 is secured by properties of a subsidiary in Malaysia; and
- (c) \$640,000 is secured by first charge on the entire present and future fixed assets of a subsidiary in India.

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

	Group		Group	
	3 months ended		9 months ended	
	30/09/13	30/09/12	30/09/13	30/09/12
	\$ '000	\$ '000	\$ '000	\$ '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Total profit/(loss)	6,933	(1,497)	14,323	(983)
Adjustments for:				
Income tax expense	1,883	407	4,504	2,205
Exchange differences	(1,263)	727	(961)	986
Employee share option expense	-	97	-	354
Depreciation of property, plant and equipment	5,141	3,109	15,080	9,311
Loss/(Gain) on disposal of property, plant and equipment, net	(84)	(28)	(219)	(174)
Property, plant and equipment written off	71	1	150	2
Interest income	(89)	(44)	(210)	(91)
Interest expense	636	197	1,889	523
Amortisation of deferred gain	(266)	(265)	(798)	(797)
Amortisation of intangible assets	457	77	1,331	180
Operating cash flow before working capital changes	<u>13,419</u>	<u>2,781</u>	<u>35,089</u>	<u>11,516</u>
Changes in operating assets and liabilities :				
Inventories	360	4,681	(5,415)	(2,586)
Receivables	(1,416)	1,730	(17,650)	(3,746)
Payables	5,826	(10,490)	11,601	428
Cash flows generated from/(used in) operations	<u>18,189</u>	<u>(1,298)</u>	<u>23,625</u>	<u>5,612</u>
Tax paid	(2,162)	(1,590)	(4,759)	(3,313)
Tax refunded	-	37	1	37
Interest paid	(632)	(197)	(1,885)	(523)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	<u>15,395</u>	<u>(3,048)</u>	<u>16,982</u>	<u>1,813</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	89	44	210	91
Addition of deferred development costs	(795)	(219)	(1,739)	(475)
Purchase of property, plant and equipment (Note 1)	(4,010)	(3,478)	(10,639)	(9,600)
Proceeds from disposal of property, plant and equipment	322	58	1,008	246
Acquisition of a subsidiary, net of cash acquired (Note 2)	(221)	-	(221)	(3,284)
Purchase of available-for-sale financial assets	-	(24,561)	-	(24,561)
NET CASH USED IN INVESTING ACTIVITIES	<u>(4,615)</u>	<u>(28,156)</u>	<u>(11,381)</u>	<u>(37,583)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from re-issuance of treasury shares	239	47	306	62
Repayment of finance lease liabilities	(415)	(20)	(1,635)	(191)
Repayment of short term borrowings	(21,105)	(41,352)	(65,186)	(95,912)
Repayment of term loans	(3,890)	-	(7,022)	-
Proceeds from short term borrowings	23,901	33,677	71,617	92,219
Proceeds from term loans	836	20,773	3,240	20,773
Dividend paid to shareholders	-	-	(1,981)	(2,246)
Withdrawal/(Placement) of deposits pledged as securities	90	(10,387)	18,137	(10,387)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	<u>(344)</u>	<u>2,738</u>	<u>17,476</u>	<u>4,318</u>
Net increase/(decrease) in cash and cash equivalents	10,436	(28,466)	23,077	(31,452)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD / YEAR	18,214	29,206	5,498	32,675
Effect of exchange rate changes on cash and cash equivalents	(1,646)	(361)	(1,571)	(844)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>27,004</u>	<u>379</u>	<u>27,004</u>	<u>379</u>

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

	Group		Group	
	3 months ended		9 months ended	
	30/09/13	30/09/12	30/09/13	30/09/12
	\$ '000	\$ '000	\$ '000	\$ '000
Cash and cash equivalents at end of the financial period comprise:				
Short term fund placed with a Malaysian financial institution	404	16	404	16
Deposits with licensed banks	17,825	32,012	17,825	32,012
Cash and bank balances	29,964	9,838	29,964	9,838
Bank overdrafts	(21,075)	(31,100)	(21,075)	(31,100)
	27,118	10,766	27,118	10,766
Less: Deposits pledge as securities	(114)	(10,387)	(114)	(10,387)
	27,004	379	27,004	379

Note 1 : Purchase of property, plant and equipment

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$11,492,000 (30.09.2012: \$10,681,000) of which \$486,000 (30.09.2012: \$239,000) was acquired by means of finance lease arrangement and \$367,000 (30.09.2012: \$842,000) included in other payables at balance sheet date. Cash payments of \$10,639,000 (30.09.2012: \$9,600,000) were made to purchase these property, plant and equipment.

Note 2 :

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

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 Supertool and FA as at the date of acquisition are as follows:

	Supertool	FA
	\$ '000	\$ '000
Property, plant and equipment	1,124	661
Inventories	643	1,153
Trade and other receivables	330	724
Cash and cash equivalents	34	200
Trade and other payables	(1,298)	(526)
Bank borrowings	(218)	(992)
Deferred income tax liabilities	(126)	-
Identifiable net assets acquired	489	1,220
Less: Non-controlling interest at fair value	(240)	(244)
Add: Goodwill arising from acquisition	6	2,508
Consideration transferred to the business	255	3,484

Purchase consideration

Cash paid	255	3,484
Contingent consideration	-	-
Total purchase consideration	255	3,484

The effect of the acquisition on cash flows are as follows:

Cash paid (as above)	255	3,484
Less : Cash and cash equivalents in subsidiary acquired	(34)	(200)
Net cash outflow on acquisition	221	3,284

1(d) Consolidated statement of comprehensive income

	3 months ended		9 months ended	
	30/09/13	30/09/12	30/09/13	30/09/12
	\$'000	\$'000	\$ '000	\$ '000
<u>Statement of Comprehensive Income</u>				
Total profit/(loss)	6,933	(1,497)	14,323	(983)
Other comprehensive (expense)/income for the period :				
- Currency translation differences	(3,523)	(2,641)	1,633	(6,407)
Total comprehensive income/(expense) for the period	3,410	(4,138)	15,956	(7,390)
Attributable to:				
Equity holders of the Company	2,975	(4,152)	15,340	(7,422)
Non-controlling interests	435	14	616	32
Total comprehensive income/(expense) for the period	3,410	(4,138)	15,956	(7,390)

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 2013 and 30 September 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
The Group											
At 1 July 2013	99,538	(1,803)	(8,791)	2,345	(118)	546	1,779	103,797	197,293	1,345	198,638
Profit for the quarter	-	-	-	-	-	-	-	6,681	6,681	252	6,933
Other comprehensive (expense)/income:											
Currency translation differences arising from consolidation	-	-	(3,706)	-	-	-	-	-	(3,706)	183	(3,523)
Total comprehensive (expense)/income for the quarter	-	-	(3,706)	-	-	-	-	6,681	2,975	435	3,410
Transfer to statutory reserve fund	-	-	-	-	-	52	-	(52)	-	-	-
Employee share option scheme - Treasury shares re-issued	-	362	-	-	(31)	-	(92)	-	239	-	239
At 30 September 2013	<u>99,538</u>	<u>(1,441)</u>	<u>(12,497)</u>	<u>2,345</u>	<u>(149)</u>	<u>598</u>	<u>1,687</u>	<u>110,426</u>	<u>200,507</u>	<u>1,780</u>	<u>202,287</u>
At 1 July 2012	90,552	(1,975)	(12,714)	2,345	(103)	554	1,690	110,769	191,118	262	191,380
(Loss)/Profit for the quarter	-	-	-	-	-	-	-	(1,516)	(1,516)	19	(1,497)
Other comprehensive expense:											
Currency translation differences arising from consolidation	-	-	(2,636)	-	-	-	-	-	(2,636)	(5)	(2,641)
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>

	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 2013	99,538	(1,803)	-	-	(118)	-	1,779	31,471	130,867	
Total comprehensive income for the quarter	-	-	-	-	-	-	-	3,800	3,800	
Employee share option scheme - Treasury shares re-issued	-	362	-	-	(31)	-	(92)	-	239	
At 30 September 2013	<u>99,538</u>	<u>(1,441)</u>	<u>-</u>	<u>-</u>	<u>(149)</u>	<u>-</u>	<u>1,687</u>	<u>35,271</u>	<u>134,906</u>	
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>	

(b) Statement of changes in equity for the nine months ended 30 September 2013 and 30 September 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
The Group											
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 period	-	-	-	-	-	-	-	13,923	13,923	400	14,323
Other comprehensive income:											
Currency translation differences arising from consolidation	-	-	1,417	-	-	-	-	-	1,417	216	1,633
Total comprehensive income for the financial period	-	-	1,417	-	-	-	-	13,923	15,340	616	15,956
Transfer to statutory reserve fund	-	-	-	-	-	44	-	(44)	-	-	-
Employee share option scheme - Treasury shares re-issued	-	462	-	-	(37)	-	(119)	-	306	-	306
Transfer arising from forfeited share options	-	-	-	-	-	-	(29)	29	-	-	-
Dividend paid	-	-	-	-	-	-	-	(1,981)	(1,981)	-	(1,981)
At 30 September 2013	<u>99,538</u>	<u>(1,441)</u>	<u>(12,497)</u>	<u>2,345</u>	<u>(149)</u>	<u>598</u>	<u>1,687</u>	<u>110,426</u>	<u>200,507</u>	<u>1,780</u>	<u>202,287</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 period	-	-	-	-	-	-	-	(1,034)	(1,034)	51	(983)
Other comprehensive expense:											
Currency translation differences arising from consolidation	-	-	(6,388)	-	-	-	-	-	(6,388)	(19)	(6,407)
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>

	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 2013	99,538	(1,903)	-	-	(112)	-	1,835	33,897	133,255
Total comprehensive income for the financial period	-	-	-	-	-	-	-	3,355	3,355
Employee share option scheme - Treasury share re-issued	-	462	-	-	(37)	-	(119)	-	306
Reversal arising from forfeited share options	-	-	-	-	-	-	(29)	-	(29)
Dividend paid	-	-	-	-	-	-	-	(1,981)	(1,981)
At 30 September 2013	<u>99,538</u>	<u>(1,441)</u>	<u>-</u>	<u>-</u>	<u>(149)</u>	<u>-</u>	<u>1,687</u>	<u>35,271</u>	<u>134,906</u>
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 shares 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>

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

Issued and paid up capital

During the quarter, the Company re-issued 340,000 and 1,110,000 treasury shares pursuant to the Company's employee share option scheme at the exercise price of \$0.155 and \$0.168 each respectively. The cost of the treasury shares re-issued amounted to \$361,920. The number of treasury shares held as at the end of current quarter was 5,771,000 shares.

	Total number of issued shares as at	
	30/09/13	30/09/12
Number of issued shares	403,918,409	376,184,325
Number of treasury shares	(5,771,000)	(7,621,000)
Total number of issued shares excluding treasury shares	<u>398,147,409</u>	<u>368,563,325</u>

Share options

The movement of share options of the Company during the period from 1 July 2013 to 30 September 2013 is as follows:

Date of grant	Number of ordinary shares under option					Exercise Price	Exercise period
	As at 01.07.2013	Granted during the period	Forfeited during the period	Exercised during the period	As at 30.09.2013		
1.12.2008 (2008 Option)	5,740,000	-	-	(340,000)	5,400,000	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	6,920,000	-	-	(1,110,000)	5,810,000	\$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
	20,700,000	-	-	(1,450,000)	19,250,000		

	Total number of shares as at	
	30/09/13	30/09/12
Total number of shares that may be issued on exercise of share options outstanding	<u>19,250,000</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.

	As at	
	30/09/13	31/12/12
Total number of issued shares excluding treasury shares	<u>398,147,409</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 1,450,000 treasury shares pursuant to the Company's employee share option scheme. The cost of the treasury shares re-issued amounted to \$361,920.

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 9 months ended	
	30/09/13	30/09/12	30/09/13	30/09/12
Earnings per ordinary share of the Group based on net profit attributable to the shareholders of the Company:				
(i) Based on weighted average number of shares (in cents)	1.68	(0.41)	3.51	(0.28)
- Weighted average number of shares (in thousand)	397,138	368,507	396,639	368,297
(ii) On a fully diluted basis (in cents)	1.67	(0.41)	3.49	(0.28)
- Adjusted weighted average number of shares (in thousand)	399,764	371,447	398,915	372,110

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 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	
	30/09/13	31/12/12	30/09/13	31/12/12
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	50.36	47.15	33.88	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 30.09.2013 of 398,147,409 (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 products 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 located in the Netherlands, Singapore, China, Malaysia and the USA.
- The IMS Division offers integrated design and manufacturing services for automotive, office automation, consumer and industrial products. The division has multiple manufacturing facilities located in Southeast Asia (Malaysia, Thailand and Indonesia), China and India.

Income Statement

Group Revenue

	1Q	2Q	3Q	9M	4Q	Full Year
FY2013 (S\$ m)	107.2 ¹	108.5 ¹	119.6 ¹	335.3 ¹	-	-
FY2012 (S\$ m)	89.7	92.7	83.3	265.7	95.3 ¹	361.0
y-o-y (%)	19.5	17.0	43.7	26.2	-	-

¹ Includes sales contribution from Juken

For the three months ended 30 September 2013 (3Q13), the Group's revenue increased 43.7% year-on-year (yoy) to S\$119.6 million from S\$83.3 million in 3Q12. On a quarter-on-quarter (qoq) basis, Group revenue increased 10.3% from S\$108.5 million in 2Q13. The improvement was driven by higher sales of both the IMS and Mechatronics Divisions.

For the nine months ended 30 September 2013 (9M13), Group revenue increased 26.2% to S\$335.3 million, from S\$265.7 million in 9M12.

Revenue breakdown by Division

	3Q13		3Q12		y-o-y	9M13	9M12	y-o-y
	S\$ m	%	S\$ m	%	%	S\$ m	S\$ m	%
Mechatronics	73.4	61.4	66.4	79.7	10.7	206.5	212.4	(2.7)
IMS	46.2 ¹	38.6	16.9	20.3	173.1	128.8 ¹	53.3	141.6
Total	119.6	100.0	83.3	100.0	43.7	335.3	265.7	26.2

¹ Includes sales contribution from Juken

The Mechatronics Division's revenue grew 10.7% to S\$73.4 million in 3Q13, from S\$66.4 million in 3Q12, attributable to higher sales of its operations in Europe and Asia. Higher sales of the analytical and industrial automation segments more than offset lower sales of the semiconductor, medical and *others* segments. Revenue of the Mechatronic Division also benefited from a 7.7% appreciation in the value of the Euro against the Singapore Dollar vis-à-vis 3Q12 as approximately 58% of the division's sales are denominated in Euro. On a qoq basis, the Mechatronics Division's revenue increased 11.4% from S\$65.9 million in 2Q13, due mainly to improved sales of the medical and industrial automation segments.

The IMS Division's revenue increased 173.1% to S\$46.2 million in 3Q13 from S\$16.9 million in 3Q12. The significant increase was due to higher sales of the division's operations in Penang as well as the additional sales contribution of S\$26.2 million from Juken Technology Limited ("Juken"), which the Company acquired in 2012. On a qoq basis, the IMS Division's revenue in 3Q13 increased 8.4% from S\$42.6 million in 2Q13.

For 9M13, the IMS Division's revenue expanded by a substantial 141.6% to S\$128.8 million from S\$53.3 million in 9M12. As a result, the division's contribution to Group revenue increased to 38.4% in 9M13 compared to 20.1% in 9M12. Correspondingly, the Mechatronics Division's share of Group revenue in 9M13 accounted for 61.6% from 79.9% previously.

Mechatronics Division

Revenue breakdown by Business Segment

	3Q13	3Q12	y-o-y	2Q13	9M13	9M12	y-o-y
	S\$ m	S\$ m	%	S\$ m	S\$ m	S\$ m	%
Semiconductor	13.7	15.9	(13.8)	12.9	36.4	48.6	(25.1)
Medical	16.3	17.0	(4.5)	12.7	46.2	50.2	(8.1)
Analytical	21.8	15.7	39.1	21.1	65.3	52.7	24.0
Industrial Automation	14.7	9.2	61.1	11.1	34.7	35.4	(1.7)
Others	6.9	8.6	(19.8)	8.1	23.9	25.5	(6.3)
Total	73.4	66.4	10.7	65.9	206.5	212.4	(2.7)

The semiconductor segment, which serves customers in the front and back end of the semiconductor equipment industry, posted a revenue decrease of 13.8% to S\$13.7 million in 3Q13 from S\$15.9 million in 3Q12. This was due to lower sales in both Europe and Asia. On a sequential basis however, sales of the semiconductor segment in 3Q13 continued to recover when compared to S\$12.9 million in 2Q13 and S\$9.8 million in 1Q13. Sales of this segment are typically cyclical in nature.

Revenue from the medical segment in 3Q13 decreased 4.5% to S\$16.3 million from S\$17.0 million in 3Q12 due mainly to lower sales to customers in Europe. However, sales of this segment improved 28.0% qoq from S\$12.7 million in 2Q13.

Revenue of the analytical segment continued to show yoy growth in 3Q13 with an increase of 39.1% to S\$21.8 million from S\$15.7 million in 3Q12, driven by higher sales in Europe and Asia. Sales were stable when compared to S\$21.1 million in 2Q13.

Revenue of the industrial automation segment rebounded in 3Q13 with an increase of 61.1% to S\$14.7 million from S\$9.2 million in 3Q12, attributable to higher sales to data storage and pharmaceutical packaging equipment makers. Sequentially, this segment's sales increased 33.0% from S\$11.1 million in 2Q13. It is however worthwhile to note that sales of the industrial automation segment are typically lumpy in nature.

Revenue from customers in the *others* business segment declined 19.8% to S\$6.9 million in 3Q13, from S\$8.6 million in 3Q12.

The Mechatronics Division continued to have a fairly balanced spread of revenue from its various segments in 9M13. The analytical segment provided the largest contribution of 31.6% to the division's revenue while the medical, semiconductor and industrial automation segments accounted for 22.4%, 17.6% and 16.8% respectively. The *others* segment contributed the remaining 11.6% of the division's revenue in 9M13.

IMS Division

Revenue breakdown by Business Segment

	3Q13	3Q12	y-o-y	2Q13	9M13	9M12	y-o-y
	S\$ m	S\$ m	%	S\$ m	S\$ m	S\$ m	%
Office Automation	7.7	5.5	39.8	7.4	22.5	17.9	25.8
Automotive	26.3	9.5	176.8	23.9	73.4	27.7	165.3
Consumer & Industrial							
Electronic Products	6.3	0.0	N.M.	7.8	20.3	0.0	N.M.
Others	0.5	0.5	(3.4)	0.6	1.6	2.9	(45.0)
Tooling	5.4	1.4	277.1	2.9	11.0	4.8	128.1
Total	46.2	16.9	173.1	42.6	128.8	53.3	141.6

Note: Juken's post-acquisition revenue has been consolidated into the IMS Division's financial results under automotive, office automation, consumer & industrial electronics, tooling and others segments.

In 3Q13, revenue from the automotive segment recorded a substantial increase of 176.8% yoy to S\$26.3 million, from S\$9.5 million in 3Q12. This was driven by the inclusion of automotive sales from Juken and higher sales of its operations in Penang. Sales of this segment also increased 10.2% qoq from S\$23.9 million in 2Q13.

Revenue from the office automation segment increased 39.8% to S\$7.7 million in 3Q13, from S\$5.5 million in 3Q12, due to the inclusion of Juken's sales as well as higher sales to a major customer in the mail facilitating equipment sector.

Additional contribution from Juken in the consumer & industrial electronic products segment provided a new revenue source of S\$6.3 million to the IMS Division in 3Q13.

Revenue derived from the tooling segment increased to S\$5.4 million in 3Q13 from S\$1.4 million in 3Q12, due mainly to the inclusion of tooling revenue of Supertool Pte. Ltd. which the Group acquired on 31 July 2013. Sales to customers in the *others* segment remained flat at S\$0.5 million in 3Q13.

For 9M13, the automotive segment recorded revenue growth of 165.3% to S\$73.4 million which raised its contribution to the IMS Division's revenue to 57.0% from 51.9% in 9M12. This is in line with the division's long term strategy to focus on growing its automotive segment. The office automation segment contributed 17.4% while the consumer & industrial electronic products segment accounted for 15.7% of the division's revenue. The remaining 9.9% of the division's revenue in 9M13 was derived from tooling sales and customers in the *others* segment.

Gross Profit Margin

The Group's gross profit (GP) increased by a significant 243.9% to S\$19.5 million in 3Q13, driven mainly by higher GP from both the IMS and Mechatronics Divisions. In addition to the inclusion of GP contribution from Juken, the IMS Division also benefited from the appreciation of the Euro against the RM as well as the turnaround of the operations in Penang. Sequentially, GP also improved 15.3% from S\$16.9 million in 2Q13.

Group GP margin in 3Q13 improved to 16.3% from 6.8% in 3Q12 on the back of higher GP margin of both the IMS and Mechatronics Divisions. The GP margin improvement in the IMS Division is attributable to increased productivity of its operations in Penang, the inclusion of Juken's GP margin and favourable exchange rate movements. The Mechatronics Division also showed better GP margin than a year ago due to a shift in sales mix and increased capacity utilization.

Consequently, for 9M13, Group GP margin improved to 15.4% from 8.3% in 9M12.

Other Income

Other income increased substantially to S\$2.3 million in 3Q13 from S\$0.6 million in 3Q12 due primarily to foreign exchange gain and the inclusion of Juken's other income.

Operating Expenses

Selling and distribution expenses in 3Q13 increased 28.0% to S\$2.9 million while administrative and general expenses increased 122.6% to S\$9.5 million. The increases were attributed mainly to the inclusion of Juken's operating expenses. Other operating expenses declined substantially to S\$4,000 in 3Q13 compared to S\$0.6 million in 3Q12 which was due mainly to significantly lower foreign exchange losses.

Finance Costs

Finance costs increased to S\$0.6 million in 3Q13 from S\$0.2 million in 3Q12 due mainly to higher borrowings for working capital, interest costs to finance the acquisition of Juken and the inclusion of Juken's interest expenses.

Group Profit Before Income Tax

As a result of the above factors, the Group posted profit before income tax and exceptional item of S\$8.8 million in 3Q13, compared to a loss of S\$1.0 million in 3Q12. For 9M13, the Group's profit before income tax and exceptional items surged about 930% to S\$18.8 million from S\$1.8 million in 9M12.

Taxation

Income tax expense for 3Q13 increased to S\$1.9 million, compared to S\$0.4 million in 3Q12 in tandem with higher profit before income tax.

Group Net Profit

	1Q	2Q	3Q	9M	4Q	Full Year
FY2013 (S\$ m)	3.1	4.1	6.7	13.9	-	-
FY2012 (S\$ m)	0.3	0.2	(1.5)	(1.0)	(10.8)	(11.8)
y-o-y (%)	1072.1	1819.7	N.M.	N.M.	-	-

After accounting for taxation, the Group reported net profit attributable to equity holders of S\$6.7 million in 3Q13, reversing a loss after tax of S\$1.5 million during the same period a year ago.

For 9M13, the Group posted net profit attributable to equity holders of S\$13.9 million for 9M13 compared to a loss of S\$1.0 million in 9M12.

The stronger performance in 9M13 was driven primarily by the inclusion of Juken's net profit and a turnaround of the Penang operations of the IMS Division. Accordingly, the IMS Division generated a net profit of S\$7.5 million in 9M13 compared to a loss of S\$10.1 million in 9M12. On the other hand, the Mechatronics Division reported net profit of S\$7.0 million for 9M13, down from S\$10.0 million in 9M12 attributed mainly to the flat revenue performance and higher operating expenses of its operations in Europe and Asia.

Balance Sheet

As at 30 September 2013, the Group had shareholders' equity of S\$200.5 million, equivalent to a net asset value of 50.36 cents per share based on the total number of issued shares (excluding treasury shares) of 398.1 million shares at the end of 9M13.

The Group's total assets increased to S\$378.8 million as at 30 September 2013, compared to S\$355.8 million as at 31 December 2012.

Property, plant and equipment decreased to S\$108.5 million, compared to S\$111.5 million at the end of December 2012 due mainly to depreciation, offset partially by additions of new equipment and inclusion of fixed assets of a newly acquired subsidiary, namely Supertool Industries Pte Ltd.

Trade receivables as at 30 September 2013 increased to S\$94.1 million from S\$75.4 million at the end of FY2012 in tandem with higher sales. Similarly, trade payables also increased to S\$53.9 million from S\$40.3 million at the end of December 2012.

As at 30 September 2013, net bank borrowings decreased to S\$36.0 million compared to S\$38.3 million at the end of FY2012.

Cash Flow Analysis

The Group generated net cash of S\$17.0 million from operating activities in 9M13 due primarily to increased net profit.

Net cash used in investing activities in 9M13 amounted to S\$11.4 million attributable mainly to capital expenditure.

The Group generated net cash of S\$17.5 million from financing activities in 9M13, due mainly to the withdrawal of deposits pledged as securities.

As a result of the above, the Group recorded a net increase in cash and cash equivalents of S\$23.1 million in 9M13. 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\$1.6 million on its opening cash and cash equivalents, the Group had an ending cash balance of S\$27.0 million as at 30 September 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 in 3Q13 are in line with the guidance provided in its financial statements posted on the SGX website on 7 August 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.

The business climate remains difficult in the technology sector due to tepid demand, cautious business sentiment and intense competitive pressures as a result of ongoing global economic uncertainties.

Despite the challenging business environment, the Group achieved a net profit of S\$6.7 million in 3Q13. This brought the Group's net profit for 9M13 to S\$13.9 million compared to a loss of S\$1.0 million in 9M12. The strong financial performance was due to favourable exchange rates as well as the improved performance of the IMS Division that includes the earnings from Juken – following its acquisition by Frencken Group Ltd. in October 2012.

While the performance in 3Q13 was strong, the results for 4Q13 are expected to be lower than 3Q13. Barring any unforeseen circumstances, the Group expects to remain profitable in 4Q13.

Mechatronics Division

All segments within the Mechatronics Division are expected to experience softer demand conditions in 4Q13 against 3Q13. Any unfavourable movements of the Euro and US Dollar against the Singapore dollar could also adversely impact the division's performance.

IMS Division

The IMS Division should continue to benefit from stable sales of the automotive segment in addition to the earnings contribution from Juken.

However, revenue from the office automation segment is expected to soften in 4Q13. Revenue from the consumer & industrial electronic products segment is expected to remain stable. In addition, unfavourable movements of the Euro against the Malaysia Ringgit could adversely impact the division's performance.

11. Dividend

(a) Current Financial Period Reported on

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

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

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

Not applicable.

PART 11- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Only applies to full year results

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

Only applies to full year results

15. A breakdown of sales.

Only applies to full year results

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

Only applies to full year results

17. Interested Person Transactions

Name of Interested Person	Aggregate value of all IPTs during the financial period under review (excluding transactions less than \$100,000) 3 months ended	
	30/9/13	30/9/12
Not applicable	-	-

BY ORDER OF THE BOARD

Gooi Soon Hock
Executive Director
13-Nov-13

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 2013 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, 13 November 2013