



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		
	30/09/14 \$'000	30/09/13 \$'000	% Change	30/09/14 \$'000	30/09/13 \$'000	% Change
Revenue	120,900	119,601	1.1%	357,517	335,310	6.6%
Cost of sales	(103,889)	(100,108)	3.8%	(303,118)	(283,762)	6.8%
Gross profit	17,011	19,493	-12.7%	54,399	51,548	5.5%
Other income (Note 1)	347	2,261	-84.7%	3,439	5,584	-38.4%
Selling and distribution expenses	(3,183)	(2,909)	9.4%	(9,926)	(8,302)	19.6%
Administrative and general expenses	(10,005)	(9,478)	5.6%	(30,223)	(27,787)	8.8%
Other operating expenses (Note 1)	(210)	(4)	5150.0%	(1,834)	(537)	241.5%
Interest income	40	89	-55.1%	182	210	-13.3%
Finance costs	(369)	(636)	-42.0%	(1,220)	(1,889)	-35.4%
Profit before income tax	3,631	8,816	-58.8%	14,817	18,827	-21.3%
Income tax expense	(1,434)	(1,883)	-23.8%	(4,242)	(4,504)	-5.8%
Total profit	2,197	6,933	-68.3%	10,575	14,323	-26.2%
Profit attributable to:						
Equity holders of the Company	2,239	6,681	-66.5%	10,598	13,923	-23.9%
Non-controlling interests	(42)	252	N.M.	(23)	400	N.M.
	2,197	6,933	-68.3%	10,575	14,323	-26.2%
<u>Note 1 - Other income/(Other operating expenses)</u>						
Other Income	347	2,261	-84.7%	3,439	5,584	-38.4%
Other Operating Expenses	(210)	(4)	5150.0%	(1,834)	(537)	241.5%
	137	2,257	-93.9%	1,605	5,047	-68.2%
<u>Included in Other income/(Other operating expenses):</u>						
Gain/(Loss) on disposal of property, plant and equipment, net	1	84	-98.8%	59	219	-73.1%
Government grants	395	317	24.6%	1,178	890	32.4%
Foreign exchange (loss)/gain, net	(820)	1,113	N.M.	(1,491)	2,097	N.M.
Amortisation of deferred gain	266	266	0.0%	798	798	0.0%
Scrap sales	261	225	16.1%	667	623	6.9%
Other income	78	333	-76.6%	443	600	-26.2%
Other expenses	(44)	(81)	-45.7%	(49)	(180)	-73.0%
	137	2,257	-93.9%	1,605	5,047	-68.2%

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		
	30/09/14	30/09/13	%	30/09/14	30/09/13	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
(Loss)/Profit for the period is arrived at after charging/(crediting) :-						
Investment income	-	-	-	-	-	-
Other income including interest income	(387)	(2,350)	-84%	(3,621)	(5,794)	-38%
Amortisation of deferred gain	(266)	(266)	0%	(798)	(798)	0%
Interest on borrowings	369	636	-42%	1,220	1,889	-35%
Depreciation of property, plant and equipment	4,913	5,141	-4%	14,571	15,080	-3%
Amortisation of intangible assets	478	457	5%	1,415	1,331	6%
(Write-back)/Allowance for doubtful debts and bad debts written off	(49)	93	N.M.	(49)	94	N.M.
(Write back)/Allowance for inventory obsolescence	292	145	101%	195	130	50%
Impairment in value of investments	-	-	-	-	-	-
Foreign exchange (gain)/ loss, net	820	(1,113)	N.M.	1,491	(2,097)	N.M.
Adjustments for (over)/ under provision of tax in respect of prior years	-	(2)	N.M.	52	(5)	N.M.
(Gain)/Loss on disposal of property, plant and equipment, net	(1)	(84)	-99%	(59)	(219)	-73%
Property, plant and equipment written off	45	71	-37%	46	150	-69%
Exceptional items	-	-	-	-	-	-

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	
	30/09/14 \$'000	31/12/13 \$'000	30/09/14 \$'000	31/12/13 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	108,147	108,796	-	-
Investments in subsidiaries	-	-	124,907	124,652
Financial asset, available-for-sale	4,907	4,907	4,907	4,907
Intangible assets	26,746	19,720	-	-
Deferred income tax assets	1,067	1,165	-	-
Other receivables, deposits and prepayments	3,159	3,431	-	-
	<u>144,026</u>	<u>138,019</u>	<u>129,814</u>	<u>129,559</u>
CURRENT ASSETS				
Inventories	101,307	85,948	-	-
Trade receivables	95,270	83,012	-	-
Receivables from subsidiaries	-	-	11,019	11,116
Dividends receivable from subsidiaries	-	-	-	2,947
Other receivables, deposits and prepayments	7,632	7,183	9	11
Tax recoverable	216	1,299	-	-
Cash and cash equivalents	14,278	19,634	1,992	3,499
	<u>218,703</u>	<u>197,076</u>	<u>13,020</u>	<u>17,573</u>
Total assets	362,729	335,095	142,834	147,132
CURRENT LIABILITIES				
Trade payables	50,256	40,542	-	-
Other payables, accruals and provisions	32,011	27,417	420	330
Deferred gain	1,063	1,063	-	-
Borrowings	58,292	47,556	-	-
Income tax payable	1,113	1,606	-	6
	<u>142,735</u>	<u>118,184</u>	<u>420</u>	<u>336</u>
NON CURRENT LIABILITIES				
Other payables	41	43	-	-
Deferred gain	2,126	2,924	-	-
Borrowings	2,761	3,657	-	-
Deferred income tax liabilities	3,400	3,222	-	-
	8,328	9,846	-	-
Total liabilities	<u>151,063</u>	<u>128,030</u>	<u>420</u>	<u>336</u>
NET ASSETS	<u>211,666</u>	<u>207,065</u>	<u>142,414</u>	<u>146,796</u>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	99,538	99,538	99,538	99,538
Treasury shares	-	(1,411)	-	(1,411)
Foreign currency translation reserve	(13,273)	(11,658)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	(60)	(150)	(60)	(150)
Statutory reserve fund	1,053	654	-	-
Share option reserve	1,560	1,773	1,560	1,773
Retained profits	118,763	114,191	41,376	47,046
	<u>209,926</u>	<u>205,282</u>	<u>142,414</u>	<u>146,796</u>
Non-controlling interests	1,740	1,783	-	-
TOTAL EQUITY	<u>211,666</u>	<u>207,065</u>	<u>142,414</u>	<u>146,796</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 30/09/14	
Secured \$'000	Unsecured \$'000
36,487	21,805

As at 31/12/13	
Secured \$'000	Unsecured \$'000
26,270	21,286

Amount repayable after one year

As at 30/09/14	
Secured \$'000	Unsecured \$'000
2,285	476

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

Details of any collateral

Details of the borrowings of the Group and its securities as at 30 September 2014 are as follows:

		Secured \$'000	Unsecured \$'000	Total \$'000
	<u>Note</u>			
Bank overdrafts	(i)	29,812	1,574	31,386
Other short-term borrowings	(ii)	5,655	19,364	25,019
Finance lease	(iii)	998	-	998
Term Loans	(iv)	2,307	1,343	3,650
		<u>38,772</u>	<u>22,281</u>	<u>61,053</u>

(i) bank overdrafts of :-

- (a) \$29,545,000 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) \$267,000 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 certain subsidiaries in China;

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

(iv) term loans of :-

- (a) \$782,000 is secured by properties of a subsidiary in Malaysia;
- (b) \$773,000 is secured by first charge on the entire present and future fixed assets of a subsidiary in India; and
- (c) \$752,000 is secured by machineries of certain subsidiaries 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 30/09/14	30/09/13	9 months ended 30/09/14	30/09/13
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Total profit	2,197	6,933	10,575	14,323
Adjustments for:				
Income tax expense	1,434	1,883	4,242	4,504
Exchange differences	(146)	(1,263)	(502)	(961)
Employee share option expense	93	-	281	-
Depreciation of property, plant and equipment	4,913	5,141	14,571	15,080
Loss/(Gain) on disposal of property, plant and equipment, net	(1)	(84)	(59)	(219)
Property, plant and equipment written off	45	71	46	150
Interest income	(40)	(89)	(182)	(210)
Interest expense	369	636	1,220	1,889
Amortisation of deferred gain	(266)	(266)	(798)	(798)
Amortisation of intangible assets	478	457	1,415	1,331
Operating cash flow before working capital changes	9,076	13,419	30,809	35,089
Changes in operating assets and liabilities :				
Inventories	(4,738)	360	(15,975)	(5,415)
Receivables	3,894	(1,416)	(11,919)	(17,650)
Payables	1,468	5,826	9,123	11,601
Cash flows generated from operations	9,700	18,189	12,038	23,625
Tax paid	(1,020)	(2,162)	(3,333)	(4,759)
Tax refunded	-	-	-	1
Interest paid	(369)	(632)	(1,220)	(1,885)
NET CASH GENERATED FROM OPERATING ACTIVITIES	8,311	15,395	7,485	16,982
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	40	89	182	210
Additions of intangible assets	(1,271)	(795)	(4,242)	(1,739)
Purchase of property, plant and equipment (Note 1)	(3,420)	(4,010)	(10,466)	(10,639)
Proceeds from disposal of property, plant and equipment	363	322	484	1,008
Acquisition of a subsidiary, net of cash acquired (Note 2)	-	(221)	(4,770)	(221)
NET CASH USED IN INVESTING ACTIVITIES	(4,288)	(4,615)	(18,812)	(11,381)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from re-issuance of treasury shares	17	239	1,034	306
Repayment of finance lease liabilities	(113)	(415)	(2,913)	(1,635)
Repayment of short term bank borrowings	(23,585)	(21,105)	(61,774)	(65,186)
Repayment of term loans	(334)	(3,890)	(1,115)	(7,022)
Proceeds from short term bank borrowings	22,137	23,901	62,518	71,617
Proceeds from term loans	-	836	1,676	3,240
Dividend paid to shareholders	-	-	(5,654)	(1,981)
Withdrawal/(Placement) of deposits pledged as securities	(1)	90	(2)	18,137
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(1,879)	(344)	(6,230)	17,476
Net (decrease)/increase in cash and cash equivalents	2,144	10,436	(17,557)	23,077
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	(20,139)	18,214	(761)	5,498
Effect of exchange rate changes on cash and cash equivalents	774	(1,646)	1,097	(1,571)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(17,221)	27,004	(17,221)	27,004

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	
	30/09/14	30/09/13	30/09/14	30/09/13
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents at end of the financial period comprise:				
Short term fund placed with a Malaysian financial institution	4,339	404	4,339	404
Deposits with licensed banks	127	17,825	127	17,825
Cash and bank balances	9,812	29,964	9,812	29,964
Bank overdrafts	(31,386)	(21,075)	(31,386)	(21,075)
	(17,108)	27,118	(17,108)	27,118
Less: Deposits pledged as securities	(113)	(114)	(113)	(114)
	(17,221)	27,004	(17,221)	27,004

Note 1 :

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$12,619,000 (30.09.2013: \$11,492,000) of which \$29,000 (30.09.2013: \$486,000) was acquired by means of finance lease arrangement and \$2,124,000 (30.09.2013: \$367,000) was included in other payables at balance sheet date. Cash payments of \$10,466,000 (30.09.2013: \$10,639,000) were made to purchase these property, plant and equipment.

Note 2 :

On 28 January 2014, the Group acquired 100% equity interest in NTZ International Holding B.V. ("NTZ"), a company incorporated in The Netherlands for a cash consideration of \$4,877,000.

The fair values of the identifiable assets acquired and liabilities assumed of NTZ as at the date of acquisition is as follows:

	\$'000
Property, plant and equipment	2,229
Intangible assets	14
Inventories	1,009
Trade and other receivables	1,472
Cash and cash equivalents	107
Trade and other payables	(4,072)
Bank borrowings	(805)
Identifiable net liabilities assumed	(46)
Add: Provisional goodwill	4,923
Consideration transferred for the business	4,877
Purchase consideration	
Cash paid	4,877
Contingent consideration	-
Total purchase consideration	4,877
The effect of the acquisition on cash flow is as follows:	
Cash paid (as above)	4,877
Less : Cash and cash equivalents in subsidiary acquired	(107)
Net cash outflow on acquisition	4,770

1(d) Consolidated statement of comprehensive income

	3 months ended		9 months ended	
	30/09/14	30/09/13	30/09/14	30/09/13
	\$'000	\$'000	\$'000	\$'000
Statement of Comprehensive Income				
Total profit	2,197	6,933	10,575	14,323
<i>Item that may be reclassified subsequently to income statement :</i>				
- Currency translation differences arising from consolidation	(186)	(3,763)	(1,635)	1,393
Total comprehensive income for the period	2,011	3,170	8,940	15,716
Attributable to:				
Equity holders of the Company	2,070	2,975	8,983	15,340
Non-controlling interests	(59)	195	(43)	376
Total comprehensive income for the period	2,011	3,170	8,940	15,716

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 2014 and 30 September 2013

	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 2014	99,538	(24)	(13,104)	2,345	(59)	996	1,473	116,581	207,746	1,799	209,545
Profit for the quarter	-	-	-	-	-	-	-	2,239	2,239	(42)	2,197
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	-	(169)	-	-	-	-	-	(169)	(17)	(186)
Total comprehensive income/(loss) for the quarter	-	-	(169)	-	-	-	-	2,239	2,070	(59)	2,011
Transfer to statutory reserve fund	-	-	-	-	-	57	-	(57)	-	-	-
Employee share option scheme											
- Value of employee services	-	-	-	-	-	-	93	-	93	-	93
- Treasury shares re-issued	-	24	-	-	(1)	-	(6)	-	17	-	17
At 30 September 2014	<u>99,538</u>	<u>-</u>	<u>(13,273)</u>	<u>2,345</u>	<u>(60)</u>	<u>1,053</u>	<u>1,560</u>	<u>118,763</u>	<u>209,926</u>	<u>1,740</u>	<u>211,666</u>
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 income/ (loss):											
Currency translation differences arising from consolidation	-	-	(3,706)	-	-	-	-	-	(3,706)	(57)	(3,763)
Total comprehensive income/ (loss) for the quarter	-	-	(3,706)	-	-	-	-	6,681	2,975	195	3,170
Transfer to statutory reserve fund	-	-	-	-	-	52	-	(52)	-	-	-
Employee share option scheme											
- Treasury shares re-issued	-	362	-	-	(31)	-	(92)	-	239	-	239
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	240	240
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>

	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 2014	99,538	(24)	-	-	(59)	-	1,473	41,384	142,312		
Total comprehensive income/ (loss) for the quarter	-	-	-	-	-	-	-	(8)	(8)		
Employee share option scheme											
- Value of employee services	-	-	-	-	-	-	93	-	93		
- Treasury shares re-issued	-	24	-	-	(1)	-	(6)	-	17		
At 30 September 2014	<u>99,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60)</u>	<u>-</u>	<u>1,560</u>	<u>41,376</u>	<u>142,414</u>		
At 1 July 2013	99,538	(1,803)	-	-	(118)	-	1,779	31,471	130,867		
Total comprehensive income/ (loss) 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>		

(b) Statement of changes in equity for the nine months ended 30 September 2014 and 30 September 2013

	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 2014	99,538	(1,411)	(11,658)	2,345	(150)	654	1,773	114,191	205,282	1,783	207,065
Profit for the period	-	-	-	-	-	-	-	10,598	10,598	(23)	10,575
Other comprehensive income/ (loss):											
Currency translation differences arising from consolidation	-	-	(1,615)	-	-	-	-	-	(1,615)	(20)	(1,635)
Total comprehensive income/ (loss) for the period	-	-	(1,615)	-	-	-	-	10,598	8,983	(43)	8,940
Transfer to statutory reserve fund	-	-	-	-	-	399	-	(399)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	281	-	281	-	281
- Treasury shares re-issued	-	1,411	-	-	90	-	(467)	-	1,034	-	1,034
Transfer arising from forfeited share options	-	-	-	-	-	-	(27)	27	-	-	-
Dividend Paid	-	-	-	-	-	-	-	(5,654)	(5,654)	-	(5,654)
At 30 September 2014	<u>99,538</u>	<u>-</u>	<u>(13,273)</u>	<u>2,345</u>	<u>(60)</u>	<u>1,053</u>	<u>1,560</u>	<u>118,763</u>	<u>209,926</u>	<u>1,740</u>	<u>211,666</u>
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/ (loss):											
Currency translation differences arising from consolidation	-	-	1,417	-	-	-	-	-	1,417	(24)	1,393
Total comprehensive income for the period	-	-	1,417	-	-	-	-	13,923	15,340	376	15,716
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)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	240	240
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>
	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 2014	99,538	(1,411)	-	-	(150)	-	1,773	47,046	146,796		
Total comprehensive loss for the financial period	-	-	-	-	-	-	-	(16)	(16)		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	281	-	281		
- Treasury shares re-issued	-	1,411	-	-	90	-	(467)	-	1,034		
Reversal arising from forfeited share options	-	-	-	-	-	-	(27)	-	(27)		
Dividend paid	-	-	-	-	-	-	-	(5,654)	(5,654)		
At 30 September 2014	<u>99,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60)</u>	<u>-</u>	<u>1,560</u>	<u>41,376</u>	<u>142,414</u>		
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 shares 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>		

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 96,000 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 \$23,935. There are no treasury shares held as at the end of the current quarter.

	Total number of issued shares as at	
	30/09/14	30/09/13
Number of issued shares	403,918,409	403,918,409
Number of treasury shares	-	(5,771,000)
Total number of issued shares excluding treasury shares	<u>403,918,409</u>	<u>398,147,409</u>

Share options

The movement of share options of the Company during the period from 1 July 2014 to 30 September 2014 is as follows:

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 1.7.2014	Granted during the period	Forfeited during the period	Exercised during the period	As at 30.9.2014		
1.12.2008 (2008 Option)	3,040,000	0	0	0	3,040,000	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	4,430,000	0	0	(96,000)	4,334,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	5,835,000	0	0	0	5,835,000	\$0.224	1.12.2012 - 30.11.2020
7.10.2013 (2013 Option)	6,000,000	0	0	0	6,000,000	\$0.208	7.10.2015 - 6.10.2023
	<u>19,305,000</u>	<u>0</u>	<u>0</u>	<u>(96,000)</u>	<u>19,209,000</u>		

	Total number of shares as at	
	30/09/14	30/09/13
Total number of shares that may be issued on exercise of share options outstanding	<u>19,209,000</u>	<u>19,250,000</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	
	30/09/14	31/12/13
Total number of issued shares excluding treasury shares	<u>403,918,409</u>	<u>398,147,409</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 96,000 treasury shares pursuant to the Company's employee share option scheme. The cost of the treasury shares re-issued amounted to \$23,935.

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

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

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

Not applicable.

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

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recent audited financial statements as well as all the applicable new/revised Financial Reporting Standards (FRS) and FRS interpretations which became effective for the financial years beginning on or after 1 January 2014.

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	
	30/09/14	30/09/13	30/09/14	30/09/13
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)	0.55	1.68	2.64	3.51
- Weighted average number of shares (in thousand)	403,853	397,138	402,053	396,639
(ii) On a fully diluted basis (in cents)	0.54	1.67	2.59	3.49
- Adjusted weighted average number of shares (in thousand)	411,140	399,764	409,156	398,915

Basic earnings per share for the period 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	
	30/09/14	31/12/13	30/09/14	31/12/13
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	51.97	51.54	35.26	36.86

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 30.09.2014 of 403,918,409 (31.12.2013 : 398,267,409).

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, The Netherlands and Switzerland.

Income Statement

Group Revenue

	1Q	2Q	3Q	9M	4Q	Full Year
FY2014 (S\$'000)	110,904	125,713	120,900	357,517	-	-
FY2013 (S\$'000)	107,240	108,469	119,601	335,310	109,427	444,737
yoy (%)	3.4	15.9	1.1	6.6	-	-

For the three months ended 30 September 2014 (3Q14), Group revenue increased 1.1% year-on-year (yoy) to S\$120.9 million as higher revenue from the Mechatronics Division more than offset a decrease in revenue from the IMS Division. For the nine months ended 30 September 2014 (9M14), Group revenue climbed 6.6% yoy to S\$357.5 million.

Revenue breakdown by Business Segment

Sales	3Q14	3Q13	yoy	9M14	9M13	yoy
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
MECHATRONICS DIVISION						
Semiconductor	18,075	13,654	32.4	54,298	36,404	49.2
Medical	20,269	16,273	24.6	51,231	46,148	11.0
Analytical	24,986	21,786	14.7	69,511	65,291	6.5
Industrial Automation	7,255	14,767	(50.9)	25,689	34,746	(26.1)
Others	7,416	6,921	7.2	22,728	23,899	(4.9)
Mechatronics Total	78,001	73,401	6.3	223,457	206,488	8.2
IMS DIVISION						
Automotive	27,930	26,306	6.2	87,072	73,406	18.6
Office Automation	5,600	7,646	(26.8)	18,330	22,473	(18.4)
Consumer & Industrial Electronics	5,840	6,326	(7.7)	17,371	20,279	(14.3)
Others	647	484	33.7	1,823	1,622	12.4
Tooling	2,877	5,434	(47.1)	9,450	11,028	(14.3)
IMS Total	42,894	46,196	(7.1)	134,046	128,808	4.1

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

During 3Q14, the Group registered yoy revenue growth principally from the semiconductor, medical, analytical and automotive segments. This was however partially offset by revenue declines in the industrial automation, office automation, tooling and consumer & industrial electronics segments.

Revenue growth of the semiconductor segment in 3Q14 was attributable to the operations in Asia which serve the back-end semiconductor and test equipment industry. In 9M14, sales of the semiconductor segment increased by 49.2% yoy.

Revenue from the medical and analytical segments also improved in 3Q14 mainly on the back of higher sales orders in Europe.

Sales of the automotive segment increased 6.2% yoy in 3Q14, attributed to the inclusion of revenue contribution from NTZ International Holding B.V. ("NTZ") which the Group acquired in January 2014. Growth of the automotive segment was moderated by slower economic activities in Europe and China. Nevertheless, this segment registered yoy revenue growth of 18.6% for 9M14.

Sales of the industrial automation segment, which are typically lumpy in nature, fell yoy in 3Q14. The office automation segment also recorded lower yoy revenue in line with the Group's decision to progressively wind down this business segment. The consumer and industrial electronics segment was affected primarily by lower sales of camera components in Thailand. Tooling sales witnessed lower orders in 3Q14 when compared to 3Q13.

In terms of revenue contribution, the automotive, analytical, semiconductor and medical segments accounted for 75% of Group revenue in 3Q14, as compared to 65% in 3Q13.

Gross Profit Margin

As a result of the contraction of its gross profit (GP) margin from 16.3% in 3Q13 to 14.1% in 3Q14, the Group's GP decreased 12.7% to S\$17.0 million in 3Q14. The IMS Division's GP margin was affected, amongst others, by the depreciation of the Euro against the Malaysian Ringgit, higher production costs, shift in sales mix and lower sales in the tooling segment. The Mechatronics Division recorded lower GP margin in 3Q14 due mainly to lower utilization of the expanded machining facilities in Europe and increase in staff costs.

However, the Group's GP margin for 9M14 was steady at 15.2% when compared to the same period last year. Gross profit in 9M14 increased 5.5% yoy to S\$54.4 million in tandem with higher sales.

Other Income

Other income in 3Q14 decreased significantly by 84.7% yoy to S\$0.3 million due mainly to lower foreign exchange gain.

Operating expenses

Selling and distribution expenses increased 9.4% yoy to S\$3.2 million in 3Q14 due mainly to the inclusion of NTZ's expenses.

Administrative and general expenses increased 5.6% yoy to S\$10.0 million, attributable mainly to the inclusion of NTZ's related expenses. Other operating expenses increased to S\$210,000 in 3Q14 from S\$4,000 in 3Q13 due mainly to higher foreign exchange losses.

Finance Costs

Finance costs in 3Q14 decreased to S\$0.4 million from S\$0.6 million in 3Q13 due mainly to lower interest costs after the acquisition loan was repaid in October 2013.

Group Net Profit Attributable to Equity Holders of the Company

	1Q	2Q	3Q	9M	4Q	Full Year
FY2014 (S\$'000)	3,802	4,557	2,239	10,598	-	-
FY2013 (S\$'000)	3,153	4,089	6,681	13,923	3,821	17,744
yoy (%)	20.6	11.4	(66.5)	(23.9)	-	-

In 3Q14, the Group reported net profit attributable to equity holders of S\$2.2 million, a decrease of 66.5% from S\$6.7 million in 3Q13. The decline of around S\$4.5 million was attributed mainly to the decrease in gross profit and a foreign exchange loss of S\$0.8 million in 3Q14 versus a gain of S\$1.1 million in 3Q13. Net profit for 9M14 decreased 23.9% to S\$10.6 million.

For 9M14, the Mechatronics Division's net profit increased 10.3% to S\$7.8 million on the back of improved profitability of the Asia operations. However, the IMS Division recorded a drop in net profit from S\$7.5 million in 9M13 to S\$2.8 million. This is attributed to, amongst others, softer GP margin, higher operating costs in Penang and China, foreign exchange loss (versus a foreign exchange gain previously) and increased freight costs to expedite customer shipments.

Balance Sheet

As at 30 September 2014, the Group had shareholders' equity of S\$209.9 million, equivalent to net asset value of 51.97 cents per share based on the total number of 403.9 million issued shares.

Total assets increased to S\$362.7 million from S\$335.1 million as at 31 December 2013, attributed mainly to increases in intangible assets, inventories, and trade receivables.

Intangible assets increased to S\$26.7 million from S\$19.7 million as at 31 December 2013. This was attributable mainly to goodwill arising from the acquisition of NTZ and development costs incurred for on-going projects at the Europe operations. Inventories increased to S\$101.3 million from S\$85.9 million at the end of FY2013 for fulfillment of customers' orders and higher stock of finished goods held for automotive customers.

Trade receivables increased to S\$95.3 million, from S\$83.0 million as at 31 December 2013, due to higher sales in 3Q14 as compared to the last quarter of 2013. Trade payables also increased to S\$50.3 million from S\$40.5 million as at 31 December 2013, attributed to higher purchases of materials.

As at 30 September 2014, the Group had net bank borrowings of S\$46.8 million, compared to S\$31.6 million at the end of FY2013. As a result, the Group's net debt-to-equity ratio increased to 22.3% as at 30 September 2014 from 15.4% as at 31 December 2013.

Cash Flow Analysis

The Group generated net cash from operating activities of S\$7.5 million in 9M14. This was attributed to cash generated from operations of S\$12.1 million, which was offset by income tax and interest payments totaling S\$4.6 million.

Net cash used in investing activities in 9M14 amounted to S\$18.8 million attributable to the acquisition of NTZ, capital expenditure and deferred development costs. The Group used net cash of S\$6.2 million for financing activities in 9M14, due to the repayment of finance lease liabilities and payment of dividends in respect of FY2013, offset by net proceeds from short term borrowings and term loans as well as proceeds from the re-issuance of treasury shares.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of S\$17.6 million in 9M14. When added to its opening cash and cash equivalents of minus S\$0.7 million at the beginning of FY2014 and after accounting for the positive effect of foreign currency movements of S\$1.1 million on its opening cash and cash equivalents, the Group had an ending cash balance of minus S\$17.2 million as at 30 September 2014.

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 3Q14 are in line with the guidance provided in its financial statements posted on the SGX website on 14 August 2014.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The Group's net profit attributable to equity holders in 9M14 declined 23.9% to S\$10.6 million, as compared to the same period last year following the lower results in 3Q14.

Growing concerns of a stalling economic recovery in Europe is affecting business and consumer sentiment. In addition, the Chinese economy is experiencing a slowdown while recovery in the USA is gradual but uneven. As a consequence, end-users in the markets that the Group serves are becoming cautious.

Despite the cautious market sentiment, the Group remains positive of its long term prospects and intends to continue executing its strategic initiatives to strengthen its global operations. However, the Group is mindful of near term risks and challenges that could adversely affect its financial performance. These include pressure on the selling price of the Group's products, rising costs of production, unfavourable movements in the exchange rates of the Euro against the Singapore dollar and Malaysia Ringgit, and higher interest rates which would raise borrowing costs.

Based on current indicators, sales of the analytical and medical segments for 4Q14 are expected to improve yoy while sales of the semiconductor segment are likely to soften.

Sales of the automotive segment are expected to be stable yoy in 4Q14. Sales of the consumer & industrial electronics segment are anticipated to be flat in 4Q14 yoy, while the office automation segment will register lower yoy sales as the Group winds down this business segment.

Despite the challenges cited above, the Group expects to be profitable in FY2014.

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	
	30/9/14	30/9/13
Not applicable	-	-

BY ORDER OF THE BOARD

Sim Mong Huat
Executive Director
7-Nov-14

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

We, Sim Mong Huat 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 2014 financial results to be false or misleading.

On behalf of the Board of Directors

(Signed)
Sim Mong Huat
Executive Director

(Signed)
Hendrik Gezinus Tappel
Executive Director

Singapore, 7 November 2014