



FRENCKEN GROUP LIMITED

(Registration No. 199905084D)

Unaudited First 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		
	31/03/18 \$'000	31/03/17 \$'000	% Change
Revenue	138,750	134,411	3.2%
Cost of sales	(115,636)	(111,331)	3.9%
Gross profit	23,114	23,080	0.1%
Other income (Note 1)	1,382	1,376	0.4%
Selling and distribution expenses	(3,085)	(2,823)	9.3%
Administrative and general expenses	(11,889)	(11,961)	-0.6%
Other operating expenses (Note 1)	(649)	(1,007)	-35.6%
Interest income	567	34	1567.6%
Finance costs	(560)	(342)	63.7%
Net gain on disposal of subsidiaries	-	10,179	N.M.
Profit before income tax	8,880	18,536	-52.1%
Income tax expense	(2,062)	(2,148)	-4.0%
Profit for the year	6,818	16,388	-58.4%
Profit attributable to:			
Equity holders of the Company	6,757	16,275	-58.5%
Non-controlling interests	61	113	-46.0%
	6,818	16,388	-58.4%
Note 1 - Other income/(Other operating expenses)			
Other Income	1,382	1,376	0.4%
Other Operating Expenses	(649)	(1,007)	-35.6%
	733	369	98.6%
Included in Other income/(Other operating expenses):			
(Loss)/Gain on disposal of property, plant and equipment, net	46	(55)	N.M.
Property, plant and equipment written off	-	(4)	N.M.
Investment property written off	-	(8)	N.M.
Government grants	814	536	51.9%
Foreign exchange (loss)/gain, net	(277)	(621)	-55.4%
Amortisation of deferred gain	-	265	N.M.
Scrap sales	150	133	12.8%
Other income	-	123	N.M.
	733	369	98.6%

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		
	3 months ended		
	31/03/18	31/03/17	%
	\$'000	\$'000	Change
Profit for the period is arrived at after charging/(crediting) :-			
Investment income	-	-	-
Other income including interest income	(1,949)	(1,410)	38%
Amortisation of deferred gain	-	(265)	N.M.
Interest on borrowings	560	342	64%
Depreciation of property, plant and equipment	3,534	4,029	-12%
Depreciation of investment property	18	3	500%
Amortisation of intangible assets	304	305	0%
Allowance/(write-back) for doubtful debts and bad debts written off	8	6	33%
Allowance/(write back) for inventory obsolescence	285	106	169%
Foreign exchange (gain)/ loss, net	277	621	-55%
Adjustments for (over)/ under provision of tax in respect of prior years	24	20	20%
(Gain)/Loss on disposal of property, plant and equipment, net	(46)	55	N.M.
Property, plant and equipment written off	-	4	N.M.
Investment property written off	-	8	N.M.
Net gain on disposal of subsidiaries	-	(10,179)	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.

	31/03/18 \$'000	Group 31/12/17 \$'000 (restated) ⁽¹⁾	31/12/16 \$'000 (restated) ⁽¹⁾	Company 31/03/18 \$'000	31/12/17 \$'000
NON-CURRENT ASSETS					
Property, plant and equipment	97,971	93,904	100,022	-	-
Investment property	1,817	1,795	-	-	-
Subsidiaries	-	-	-	127,372	127,234
Financial asset, available-for-sale	3,805	3,805	4,132	3,805	3,805
Intangible assets	24,573	24,961	25,184	-	-
Deferred income tax assets	1,511	1,562	2,214	-	-
Other receivables, deposits and prepayments	-	-	1,661	-	-
Total non-current assets	<u>129,677</u>	<u>126,027</u>	<u>133,213</u>	<u>131,177</u>	<u>131,039</u>
CURRENT ASSETS					
Inventories	127,940	112,154	109,274	-	-
Trade receivables	110,873	100,314	90,668	-	-
Receivables from subsidiaries	-	-	-	6,270	5,767
Dividends receivable from subsidiaries	-	-	-	8,265	8,209
Other receivables, deposits and prepayments	11,746	12,549	10,631	24	34
Receivable from an associated company	-	-	108	-	-
Tax recoverable	1,683	958	619	-	-
Cash and cash equivalents	69,368	68,153	18,482	6,034	5,632
Total current assets	<u>321,610</u>	<u>294,128</u>	<u>229,782</u>	<u>20,593</u>	<u>19,642</u>
Total assets	451,287	420,155	362,995	151,770	150,681
CURRENT LIABILITIES					
Trade payables	74,329	61,896	51,523	-	-
Payable to a subsidiary	-	-	-	347	286
Other payables, accruals and provisions	36,918	37,478	30,385	848	598
Deferred gain	-	-	797	-	-
Borrowings	69,524	61,739	57,420	3,738	3,319
Income tax payable	2,268	2,380	2,059	8	8
Total current liabilities	<u>183,039</u>	<u>163,493</u>	<u>142,184</u>	<u>4,941</u>	<u>4,211</u>
NON CURRENT LIABILITIES					
Borrowings	2,890	1,868	1,322	-	-
Retirement benefit obligations	1,138	1,519	1,474	-	-
Deferred income tax liabilities	3,839	3,733	3,343	-	-
Total non-current liabilities	7,867	7,120	6,139	-	-
Total liabilities	<u>190,906</u>	<u>170,613</u>	<u>148,323</u>	<u>4,941</u>	<u>4,211</u>
NET ASSETS	<u>260,381</u>	<u>249,542</u>	<u>214,672</u>	<u>146,829</u>	<u>146,470</u>
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	102,281	101,943	100,031	102,281	101,943
Foreign currency translation reserve	7,882	4,293	-	-	-
Merger reserve	2,345	2,345	2,345	-	-
Capital reserve	1,348	1,193	167	1,348	1,193
Statutory reserve fund	3,136	3,032	2,284	-	-
Share option reserve	871	888	1,723	871	888
Other reserve	(995)	(983)	(994)	-	-
Retained profits	141,141	134,488	107,096	42,329	42,446
	<u>258,009</u>	<u>247,199</u>	<u>212,652</u>	<u>146,829</u>	<u>146,470</u>
Non-controlling interests	2,372	2,343	2,020	-	-
TOTAL EQUITY	<u>260,381</u>	<u>249,542</u>	<u>214,672</u>	<u>146,829</u>	<u>146,470</u>

⁽¹⁾ The Group has adopted SFRS (I) on 1 January 2018 and has elected the transition option to reset its cumulative foreign currency translation reserve to zero at the date of transition of 1 January 2017. Please refer to paragraph 4.

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

Amount repayable in one year or less, or on demand

As at 31/03/18	
Secured \$'000	Unsecured \$'000
25,581	43,943

As at 31/12/17	
Secured \$'000	Unsecured \$'000
33,187	28,552

Amount repayable after one year

As at 31/03/18	
Secured \$'000	Unsecured \$'000
280	2,610

As at 31/12/17	
Secured \$'000	Unsecured \$'000
314	1,554

Details of any collateral

Details of the borrowings of the Group and its securities as at 31 March 2018 are as follows:

	<u>Note</u>	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	15,784	970	16,754
Other short-term borrowings	(ii)	9,562	42,627	52,189
Term Loans	(iii)	515	2,956	3,471
		<u>25,861</u>	<u>46,553</u>	<u>72,414</u>

(i) bank overdrafts of :-

- (a) \$15,265,000 is secured by mortgage over properties, pledged on the trade receivables and inventories of all subsidiaries of the Company in The Netherlands; and
- (b) \$519,000 is secured by exclusive charged on the entire present and future current and fixed assets of a subsidiary in India.

(ii) other short-term borrowings is pledged on the trade receivables of certain subsidiaries in China.

(iii) term loans are secured by exclusive charged on the entire present and future current and 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	
	3 months ended	
	31/03/18	31/03/17
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after tax	6,818	16,388
Adjustments for:		
Income tax expense	2,062	2,148
Exchange differences	411	(164)
Employee share option expense	138	40
Depreciation of property, plant and equipment	3,534	4,029
Depreciation of investment property	18	3
(Gain)/Loss on disposal of property, plant and equipment, net	(46)	55
Property, plant and equipment written off	-	4
Investment property written off	-	8
Interest income	(567)	(34)
Interest expense	560	342
Amortisation of deferred gain	-	(265)
Amortisation of intangible assets	304	305
Net gain on disposal of subsidiaries (Note 2)	-	(10,179)
Operating cash flow before working capital changes	13,232	12,680
Changes in operating assets and liabilities :		
Inventories	(14,523)	(2,835)
Receivables	(8,885)	(10,116)
Payables	9,689	7,992
Associated company	-	107
Cash flows (used in)/generated from operations	(487)	7,828
Tax paid	(2,774)	(560)
Interest paid	(560)	(341)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(3,821)	6,927
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	567	34
Additions of intangible assets	-	(156)
Purchase of property, plant and equipment (Note 1)	(5,271)	(4,127)
Purchase of investment property	-	(33)
Proceeds from intangible assets	382	-
Proceeds from disposal of property, plant and equipment	54	439
Disposal of subsidiaries, net of cash disposed of (Note 2)	-	38,303
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(4,268)	34,460
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	338	623
Repayment of finance lease liabilities	-	(100)
Repayment of short term bank borrowings	(27,528)	(31,923)
Repayment of term loans	(218)	(165)
Proceeds from short term bank borrowings	41,504	33,041
Proceeds from term loans	1,144	-
Placement of deposits pledged as securities	(2)	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	15,238	1,476
Net increase in cash and cash equivalents	7,149	42,863
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	44,604	(9,966)
Effect of exchange rate changes on cash and cash equivalents	740	362
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	52,493	33,259

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

	Group	
	3 months ended	
	31/03/18	31/03/17
	\$'000	\$'000
Cash and cash equivalents at end of the financial period comprise:		
Short term funds placed with Malaysian financial institutions	45,996	866
Deposits with licensed banks	4,121	2,119
Cash and bank balances	19,251	57,024
Bank overdrafts	(16,754)	(26,631)
	52,614	33,378
Less: Deposits pledged as securities	(121)	(119)
	52,493	33,259

Note 1 :

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$6,123,000 (31.03.2017: \$3,763,000) of which \$1,360,000 (31.03.2017: \$1,370,000) was included in other payables at balance sheet date. Cash payments of \$5,271,000 (31.03.2017: \$4,127,000) includes an amount of \$508,000 (31.03.2017: \$1,734,000) for payment from other payables to purchase property, plant and equipment incurred in previous financial year.

Note 2 : Disposal of subsidiaries

(a) Disposal of Shares in Precico Electronics Sdn Bhd ("PESB")

The Company together with its wholly-owned subsidiary, Frencken International Sdn Bhd ("FISB") (formerly known as Precico Group Sdn Bhd), has on 13 January 2017 entered into a Share Purchase Agreement ("SPA") with Valeo Bayen ("Valeo"), pursuant to which FISB has agreed to sell to Valeo 168,200,000 ordinary shares, representing the entire issued and paid-up share capital of PESB, a wholly-owned subsidiary under the IMS business segment, on the terms and subject to the conditions of the SPA for a cash consideration of RM128,000,000 less the Definitive Net Debt Amount (if positive figure) or add the Definitive Net Debt Amount (if negative figure), as the case may be as determined in accordance with Schedule 3 of the SPA.

The completion under the SPA has been effected on 31 March 2017 in accordance with the terms and conditions of the SPA and PESB has ceased to be a subsidiary of the Company with effect from 31 March 2017. As at Completion Date, FISB has received an Initial Payment of RM134,734,000 (a sum equivalent to RM128,000,000 add the Estimated Net Debt Amount being RM6,734,000) in accordance with the terms of the SPA.

FISB and Valeo have reached an agreement on the Post-Completion Statement on 30 June 2017 and the consideration has been determined to be RM134,754,000. The consideration was arrived at using the Initial Payment of RM134,734,000 and adding the difference between the Definitive Net Debt Amount of RM6,754,000 and Estimated Net Debt Amount of RM6,734,000 being RM20,000.

(b) Disposal of Shares in NTZ Micro Filtration USA Inc., NTZ Micro Filtration, LLC and NTZ Manufacturing USA, LLC

The Group's wholly-owned subsidiary NTZ International Holding B.V. ("NTZ International") has on 14 February 2017 entered into a Sale and Purchase Agreement with Mr C.G.M. Hendriks and Mr P.G.W. Nieuwland for the disposal of NTZ International's entire equity interests of its wholly-owned subsidiaries NTZ Micro Filtration Inc., and NTZ Micro Filtration LLC, as well as an associated company NTZ Manufacturing USA LLC (collectively referred to as the "American Entities") for a cash consideration of Euro10,000.

Details of the disposals were as follows:

	<u>PESB</u> \$'000	<u>American</u> <u>Entities</u> \$'000	<u>Total</u> \$'000
Carrying amounts of net assets over which control was lost			
<u>Non-current asset</u>			
Property, plant and equipment	15,268	381	15,649
Deferred development costs	-	132	132
	15,268	513	15,781
<u>Current assets</u>			
Inventories	10,778	332	11,110
Trade and other receivables	9,644	661	10,305
Receivable from an associated company	-	107	107
Cash and cash equivalents	3,667	374	4,041
	24,089	1,474	25,563

Current liabilities			
Trade and other payables	(7,949)	(1,648)	(9,597)
Bank borrowing	-	(131)	(131)
Intercompany payables	(69)	(71)	(140)
Income tax payable	(4)	-	(4)
	<u>(8,022)</u>	<u>(1,850)</u>	<u>(9,872)</u>
Net assets derecognised	<u>31,335</u>	<u>137</u>	<u>31,472</u>
Consideration received:			
Cash	42,792	15	42,807
Less: Transaction costs related to disposal of subsidiaries	(463)	-	(463)
Total consideration received	<u>42,329</u>	<u>15</u>	<u>42,344</u>
Gain/(Loss) on disposal			
Consideration received	42,329	15	42,344
Net assets derecognised	(31,335)	(137)	(31,472)
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity on loss of control of subsidiaries	62	(755)	(693)
Gain/(Loss) on disposal	<u>11,056</u>	<u>(877)</u>	<u>10,179</u>
Net cash inflow arising on disposal			
Cash consideration received	42,329	15	42,344
Cash and cash equivalents disposed of	(3,667)	(374)	(4,041)
	<u>38,662</u>	<u>(359)</u>	<u>38,303</u>

1(d) Consolidated statement of comprehensive income

	Group	
	3 months ended	
	31/03/18	31/03/17
	\$'000	\$'000
Statement of Comprehensive Income		
Profit for the period	6,818	16,388
<i>Item that may be reclassified subsequently to income statement :</i>		
- Currency translation differences arising from consolidation	3,545	(1,751)
Total comprehensive income for the period	<u>10,363</u>	<u>14,637</u>
Attributable to:		
Equity holders of the Company	10,334	14,549
Non-controlling interests	29	88
Total comprehensive income for the period	<u>10,363</u>	<u>14,637</u>

1(e)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

(a) Statement of changes in equity for the quarter ended 31 March 2018 and 31 March 2017

	Attributable to equity holders of the Company										
	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Merger Reserve \$'000	Capital Reserve \$'000	Statutory Reserve Fund \$'000	Share Option Reserve \$'000	Other Reserve \$'000	Retained Profits \$'000	Total \$'000	Non- Controlling Interests \$'000	Total Equity \$'000
The Group											
At 1 January 2018	101,943	(25,009)	2,345	1,193	3,032	888	(983)	163,790	247,199	2,343	249,542
Effect of adopting of SFRS(I) *	-	29,302	-	-	-	-	-	(29,302)	-	-	-
At 1 January 2018 (restated)	101,943	4,293	2,345	1,193	3,032	888	(983)	134,488	247,199	2,343	249,542
Profit for the quarter	-	-	-	-	-	-	-	6,757	6,757	61	6,818
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	3,589	-	-	-	-	(12)	-	3,577	(32)	3,545
Total comprehensive income/(loss) for the quarter	-	3,589	-	-	-	-	(12)	6,757	10,334	29	10,363
<i>Transactions with owners recognised directly in equity</i>											
Transfer to statutory reserve fund	-	-	-	-	104	-	-	(104)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	138	-	-	138	-	138
- Issue of share capital	338	-	-	155	-	(155)	-	-	338	-	338
	338	-	-	155	104	(17)	-	(104)	476	-	476
At 31 March 2018	102,281	7,882	2,345	1,348	3,136	871	(995)	141,141	258,009	2,372	260,381
At 1 January 2017	100,031	(29,302)	2,345	167	2,284	1,723	(994)	136,398	212,652	2,020	214,672
Effect of adopting of SFRS(I) *	-	29,302	-	-	-	-	-	(29,302)	-	-	-
At 1 January 2017 (restated)	100,031	-	2,345	167	2,284	1,723	(994)	107,096	212,652	2,020	214,672
Profit for the quarter	-	-	-	-	-	-	-	16,275	16,275	113	16,388
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	(1,729)	-	-	-	-	3	-	(1,726)	(25)	(1,751)
Total comprehensive income/(loss) for the quarter	-	(1,729)	-	-	-	-	3	16,275	14,549	88	14,637
<i>Transactions with owners recognised directly in equity</i>											
Transfer to/(from) statutory reserve fund	-	-	-	-	103	-	-	(103)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	40	-	-	40	-	40
- Issue of share capital	623	-	-	337	-	(337)	-	-	623	-	623
	623	-	-	337	103	(297)	-	(103)	663	-	663
At 31 March 2017	100,654	(1,729)	2,345	504	2,387	1,426	(991)	123,268	227,864	2,108	229,972

* The Group has adopted SFRS (I) on 1 January 2018 and has elected the transition option to reset its cumulative foreign currency translation reserve to zero at the date of transition of 1 January 2017. Please refer to paragraph 4.

	Attributable to equity holders of the Company							
	Share Capital \$'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 2018	101,943	-	-	1,193	-	888	42,446	146,470
Total comprehensive income/(loss) for the quarter	-	-	-	-	-	-	(117)	(117)
<i>Transactions with owners recognised directly in equity</i>								
Employee share option scheme - Value of employee services	-	-	-	-	-	138	-	138
- Issue of share capital	338	-	-	155	-	(155)	-	338
	338	-	-	155	-	(17)	-	476
At 31 March 2018	102,281	-	-	1,348	-	871	42,329	146,829
At 1 January 2017	100,031	-	-	167	-	1,723	38,727	140,648
Total comprehensive income/(loss) for the quarter	-	-	-	-	-	-	1,510	1,510
<i>Transactions with owners recognised directly in equity</i>								
Employee share option scheme - Value of employee services	-	-	-	-	-	40	-	40
- Issue of share capital	623	-	-	337	-	(337)	-	623
	623	-	-	337	-	(297)	-	663
At 31 March 2017	100,654	-	-	504	-	1,426	40,237	142,821

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 issued 470,000, 655,000 and 690,000 new ordinary shares pursuant to the Company's employee share option scheme at the exercise price of \$0.155, \$0.168 and \$0.224 each respectively. There are no treasury shares held as at the end of the current quarter.

	Total number of issued shares as at	
	31/03/18	31/03/17
Number of issued shares	418,197,409	409,767,409
Number of treasury shares	-	-
Total number of issued shares excluding treasury shares	418,197,409	409,767,409

Share options

The movement of share options of the Company during the period from 1 January 2018 to 31 March 2018 is as follows:

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 1.1.2018	Granted during the period	Forfeited during the period	Exercised during the period	As at 31.3.2018		
1.12.2008 (2008 Option)	770,000	0	0	(470,000)	300,000	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	1,840,000	0	0	(655,000)	1,185,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	3,305,000	0	0	(690,000)	2,615,000	\$0.224	1.12.2012 - 30.11.2020
7.10.2013 (2013 Option)	0	0	0	0	0	\$0.208	7.10.2015 - 6.10.2023
1.4.2016 (2016 Option)	3,000,000	0	0	0	3,000,000	\$0.184	1.4.2018 - 31.3.2026
6.12.2017 (2017 Option)	3,000,000	0	0	0	3,000,000	\$0.432	6.12.2019 - 5.12.2027
	11,915,000	0	0	(1,815,000)	10,100,000		

	Total number of shares as at	
	31/03/18	31/03/17
Total number of shares that may be issued on exercise of share options outstanding	10,100,000	15,530,000

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

	As at	
	31/03/18	31/12/17
Total number of issued shares excluding treasury shares	418,197,409	416,382,409

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.

Not applicable.

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.

In December 2017, The Accounting Standards Council has issued a new financial reporting framework - Singapore Financial Reporting Standards (International) ("SFRS(I)"), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange, for annual periods beginning on or after 1 January 2018. SFRS (I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Group and the Company has adopted the new framework for the first time for financial year ending 31 December 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements.

As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at the end of the first SFRS(I) reporting period (31 December 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending 31 December 2018, an additional opening balance sheet as at date of transition (1 January 2017) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (1 January 2017) and as at end of last financial period under FRS (31 December 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 December 2017).

The Group has performed a detailed analysis of the transition options and other requirements of SFRS(I) and has determined that there will be no changes to the Group's and the Company's current accounting policies under the Financial Reporting Standards in Singapore or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time, and the election of certain transition options available under SFRS(I) 1.

In adopting SFRS(I), the Group has elected the transition option to reset its translation reserve to zero at the date of transition on 1 January 2017. As a result, the Group reclassified cumulative translation losses of S\$29.3 million from foreign currency translation reserve account to retained profits as at 1 January 2017.

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.

Refer to Paragraph 4.

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	
	31/03/18	31/03/17
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)	1.62	4.00
- Weighted average number of shares (in thousand)	417,006	406,976
(ii) On a fully diluted basis (in cents)	1.60	3.95
- Adjusted weighted average number of shares (in thousand)	421,877	412,411

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	
	31/03/18	31/12/17	31/03/18	31/12/17
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	61.70	59.37	35.11	35.18

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 31.03.2018 of 418,197,409 (31.12.2017 : 416,382,409).

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.

Income Statement

Group Revenue

	1Q	2Q	3Q	4Q	Full Year
FY2018 (S\$'000)	138,750	-	-	-	-
FY2017 (S\$'000)	134,411	125,961	129,245	125,469	515,086
yoy (%)	3.2	N.M.	N.M.	N.M.	N.M.

For the three months ended 31 March 2018 ("1Q18"), the Group's revenue increased 3.2% to S\$138.8 million from S\$134.4 million in 1Q17. An increase in sales at the Mechatronics Division of 19.3% was partially offset by reduced sales at the IMS Division of 29.1% due mainly to the absence of sales from Precico Electronics Sdn. Bhd. ("PESB") which the Group divested on 31 March 2017. Excluding the revenue contribution from PESB in 1Q17, Group revenue would have increased 15.4% year-on-year in 1Q18.

Revenue breakdown by Business Segment

Sales	1Q18	1Q17	yoy	4Q17	qoq
	S\$'000	S\$'000	%	S\$'000	%
MECHATRONICS DIVISION					
Semiconductor	35,923	31,169	15.3	26,570	35.2
Medical	19,759	15,488	27.6	21,424	(7.8)
Analytical	32,366	28,159	14.9	31,429	3.0
Industrial Automation	14,253	10,677	33.5	8,251	72.7
Others	4,622	4,118	12.2	4,569	1.2
Mechatronics Total	106,923	89,611	19.3	92,243	15.9
IMS DIVISION					
Automotive	23,506	34,548	(32.0)	24,425	(3.8)
Consumer & Industrial Electronics	5,367	5,074	5.8	5,183	3.6
Others	640	1,090	(41.3)	1,001	(36.1)
Tooling	2,242	4,088	(45.2)	2,547	(12.0)
IMS Total	31,755	44,800	(29.1)	33,156	(4.2)

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

The 19.3% increase in revenue at the Mechatronics Division from S\$89.6 million in 1Q17 to S\$106.9 million in 1Q18 was the result of all its business segments recording double-digit year-on-year growth.

The semiconductor segment continued to register year-on-year growth in sales during 1Q18 due to higher orders for products related to front-end and back-end semiconductor equipment. Sales of the analytical segment also increased in 1Q18 driven mainly by higher demand from end-users in the life sciences and semiconductor industries.

The medical segment posted robust year-on-year sales growth in 1Q18 attributable to higher demand from existing customers. Sales of the industrial automation segment, which is typically lumpy in nature, increased in 1Q18 due mainly to higher orders for storage drive production equipment.

Revenue at the IMS Division decreased 29.1% to S\$31.8 million in 1Q18 from S\$44.8 million in 1Q17 which can be attributed mainly to reduced sales of the automotive segment following the disposal of PESB. Excluding the contribution of PESB in 1Q17, the automotive segment would have registered sales growth of 11.7% year-on-year in 1Q18.

Sales of the consumer & industrial electronics segment increased year-on-year in 1Q18 due to higher sales to a key customer.

Gross Profit Margin

The Group's gross profit in 1Q18 was stable at S\$23.1 million when compared to 1Q17. However gross profit margin softened to 16.7% in 1Q18 from 17.2% in 1Q17 due to a shift in the revenue contributions from the Group's business divisions.

Other Income/Other operating expenses (refer to Note 1, Part 1 of Income Statement)

Other income, net of other operating expenses, increased to S\$0.7 million in 1Q18 from S\$0.4 million in 1Q17 due mainly to lower net foreign exchange loss and higher government grants.

Selling and Administrative Expenses

Selling and distribution expenses increased 9.3% year-on-year to S\$3.1 million in 1Q18, attributable mainly to higher personnel costs and increased transportation costs. Administrative and general expenses of S\$11.9 million in 1Q18 were unchanged when compared to the corresponding period a year ago.

Interest Income

Interest income increased to S\$0.6 million in 1Q18 from S\$34,000 in 1Q17, due mainly to higher placement of short-term funds with Malaysian financial institution arising from proceeds of the disposal of PESB.

Finance Costs

Finance costs increased to S\$0.6 million in 1Q18 from S\$0.3 million in 1Q17, due mainly to higher short term borrowings for working capital purposes.

Group Profit before Income Tax

The Group's profit before income tax decreased 52.1% to S\$8.9 million in 1Q18 from S\$18.5 million in 1Q17. There was a net gain on disposal of subsidiaries amounting to S\$10.2 million recorded in 1Q17. Excluding this exceptional gain, the Group's profit before income tax would have increased 6.3% year-on-year in 1Q18.

Group Net Profit Attributable to Equity Holders of the Company

	1Q	2Q	3Q	4Q	Full Year
FY2018 (S\$'000)	6,757	-	-	-	-
FY2017 (S\$'000)	16,275 *	6,636	5,014 *	5,185 #	33,110
yoy (%)	(58.5)	N.M.	N.M.	N.M.	N.M.

*including net gain on disposal of subsidiaries of S\$10.2 million in 1Q17 and S\$0.3 million in 3Q17.

#including impairment loss of financial asset, available-for-sale of S\$0.3 million

After accounting for income tax of S\$2.1 million, the Group reported a net profit attributable to equity holders of S\$6.8 million in 1Q18, a decline of 58.5% from S\$16.3 million in 1Q17. Excluding the net gain on disposal of subsidiaries, the Group's net profit attributable to equity holders would have increased 10.8% year-on-year in 1Q18.

In 1Q18, the Mechatronics Division posted a higher net profit of S\$7.0 million in 1Q18 as compared to S\$5.9 million in 1Q17, while the IMS Division recorded a marginal loss of S\$0.1 million as compared to a profit of S\$0.5 million in 1Q17.

Balance Sheet

As at 31 March 2018, the Group had shareholders' equity of S\$258.0 million, equivalent to net asset value of 61.70 cents per share based on the total number of issued shares of 418.2 million shares.

Total assets increased to S\$451.3 million as at 31 March 2018 from S\$420.2 million at the end of December 2017. Property, plant and equipment increased to S\$98.0 million from S\$93.9 million as at 31 December 2017, attributable mainly to purchases of property, plant and equipment during the quarter.

Cash and cash equivalents increased to S\$69.4 million as at 31 March 2018 from S\$68.2 million as at 31 December 2017. Inventories increased to S\$127.9 million from S\$112.2 million at the end of December 2017 to meet the fulfillment of orders to customers. Trade receivables increased to S\$110.9 million from S\$100.3 million as at 31 December 2017 in tandem with higher sales of the Mechatronics Division.

Trade payables increased to S\$74.3 million as at 31 March 2018 from S\$61.9 million as at 31 December 2017, attributed to higher purchases of materials required to fulfill customers' orders. Total borrowings as at 31 March 2018 increased to S\$72.4 million from S\$63.6 million as at end December 2017 due to higher requirement for working capital purposes.

The Group had net borrowings of S\$3.0 million as at 31 March 2018 as compared to net cash of S\$4.5 million as at 31 December 2017. Total debt-to-equity ratio stood at 28.1%, compared to 25.7% as at 31 December 2017.

Cash Flow Analysis

The Group used net cash of S\$3.8 million for operating activities in 1Q18. Net cash used for investing activities amounted to S\$4.3 million in 1Q18, attributable mainly to capital expenditure. Net cash generated from financing activities amounted to S\$15.2 million in 1Q18 due primarily to net proceeds derived from short term bank borrowings.

As a result of the above, the Group recorded a net increase in cash and cash equivalents of S\$7.1 million during 1Q18. When added to its opening cash and cash equivalents of S\$44.6 million at the beginning of FY2018 and after accounting for the positive effect of foreign currency movements of S\$0.8 million on its opening cash and cash equivalents, the Group had an ending cash balance of S\$52.5 million as at 31 March 2018.

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 1Q18 are in line with the guidance provided in its financial statements posted on the SGX website on 22 February 2018.

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.

INDUSTRY CONDITIONS AND GROUP'S STRATEGIES

The global macroeconomic environment is anticipated to remain resilient during 2018. However, uneven demand conditions may persist across the different business sectors. As Frencken operates in a broad array of market segments, end-user and geographical markets, the Group believes its business diversity and long-term partnerships with world-class multinational companies will continue to provide resilience and stability in its performance.

The Group's goal is to deliver sustainable and profitable long-term growth to stakeholders. To attain this, the Group will continue executing strategies and implementing initiatives to strengthen its position as a premier Global Integrated Technology Solutions Company.

To secure new programs and further expand market share, the Mechatronics and IMS Divisions continue to work in close collaboration with both new and existing customers to develop the next generation of technology and products.

The Mechatronics Division's operational strategy is to focus on increasing its value-add to customers. To maintain its competitive advantage and ensure it has the requisite capabilities to support customers' technology and product roadmaps, the Mechatronics Division will continue driving operational excellence initiatives and investing in state-of-the-art facilities and equipment. In the current year, the division intends to add new cleanroom facilities as well as purchase equipment that improves its high precision machining capabilities and increases automation of its manufacturing operations.

The IMS Division is working on several operational improvement initiatives aimed at enhancing its competencies, improving its efficiency and strengthening profit margins. To increase differentiation of the automotive segment, the IMS Division is developing an "IMS Centre of Technology" in Johor to centralise its tool manufacturing capabilities for all its factories in Asia. In the current year, the division will be executing several programs to increase the level of automation, implement lean manufacturing to reduce cost and wastage, and quicken its time-to-market.

BUSINESS SEGMENT OUTLOOK

Market forecasters are presently projecting continued growth in 2018 for the semiconductor, life sciences and automotive markets, which are the Group's three largest business segments.

Based on current indicators, the semiconductor segment is expected to grow year-on-year in 2Q18 in tandem with continuing demand for semiconductor equipment.

The analytical and medical segments are anticipated to record higher revenues in 2Q18 as compared to 2Q17.

Revenue of the industrial automation segment is expected to be stable in 2Q18 compared to 2Q17.

Revenue of the automotive segment is expected to improve in 2Q18 versus 2Q17.

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	
	31/3/18	31/3/17
Not applicable	-	-

18. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

Frencken Group Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

BY ORDER OF THE BOARD

Mohamad Anwar Au
Executive Director
10-May-18

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

We, Mohamad Anwar Au and Dato' Gooi Soon Chai, 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 first quarter 2018 financial results to be false or misleading.

On behalf of the Board of Directors

(Signed)
Mohamad Anwar Au
Executive Director

(Signed)
Dato' Gooi Soon Chai
Non-Executive Director

Singapore, 10 May 2018