



**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		
	30/09/18	30/09/17	%	30/09/18	30/09/17	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Revenue	163,913	129,245	26.8%	450,089	389,617	15.5%
Cost of sales	(138,762)	(108,547)	27.8%	(377,649)	(324,113)	16.5%
Gross profit	25,151	20,698	21.5%	72,440	65,504	10.6%
Other income (Note 1)	1,204	1,230	-2.1%	3,601	3,995	-9.9%
Selling and distribution expenses	(3,000)	(2,685)	11.7%	(9,073)	(8,218)	10.4%
Administrative and general expenses	(10,921)	(12,067)	-9.5%	(35,121)	(35,962)	-2.3%
Other operating expenses (Note 1)	(368)	(537)	-31.5%	(1,382)	(1,682)	-17.8%
Interest income	419	367	14.2%	1,281	790	62.2%
Finance costs	(610)	(354)	72.3%	(1,900)	(1,063)	78.7%
Exceptional items (Note 2)	(4,047)	274	N.M.	(4,047)	10,459	N.M.
Profit before income tax	7,828	6,926	13.0%	25,799	33,823	-23.7%
Income tax expense	(2,429)	(1,883)	29.0%	(6,574)	(5,612)	17.1%
Profit for the year	5,399	5,043	7.1%	19,225	28,211	-31.9%
Profit attributable to:						
Equity holders of the Company	5,257	5,014	4.8%	19,014	27,925	-31.9%
Non-controlling interests	142	29	389.7%	211	286	-26.2%
	5,399	5,043	7.1%	19,225	28,211	-31.9%

**Note 1 - Other income/(Other operating expenses)**

Other Income	1,204	1,230	-2.1%	3,601	3,995	-9.9%
Other Operating Expenses	(368)	(537)	-31.5%	(1,382)	(1,682)	-17.8%
	836	693	20.6%	2,219	2,313	-4.1%
Included in Other income/(Other operating expenses):						
(Loss)/Gain on disposal of property, plant and equipment, net	(21)	49	N.M.	(186)	21	N.M.
Property, plant and equipment written off	(2)	-	N.M.	(2)	(124)	-98.4%
Investment property written off	-	-	N.M.	-	(8)	N.M.
Government grants	338	355	-4.8%	1,559	1,429	9.1%
Foreign exchange (loss)/gain, net	207	(254)	N.M.	(27)	(766)	-96.5%
Amortisation of deferred gain	-	265	N.M.	-	797	N.M.
Scrap sales	178	184	-3.3%	525	456	15.1%
Other income	149	64	132.8%	367	524	-30.0%
Other expenses	(13)	30	N.M.	(17)	(16)	6.3%
	836	693	20.6%	2,219	2,313	-4.1%

**Note 2 - Exceptional items comprise:-**

	Note						
Net gain on disposal of subsidiaries	(i)	-	274	N.M.	-	10,459	N.M.
Impairment loss of goodwill in a subsidiary	(ii)	(2,109)	-	N.M.	(2,109)	-	N.M.
Impairment loss of deferred development costs	(ii)	(1,425)	-	N.M.	(1,425)	-	N.M.
Impairment loss of property, plant and equipment	(ii)	(513)	-	N.M.	(513)	-	N.M.
		(4,047)	274	N.M.	(4,047)	10,459	N.M.

**Note**

(i) Refer to Note 2 of the Cash Flow Statement for details.

(ii) This is in respect of impairment loss of goodwill, deferred development costs and property, plant and equipment of NTZ Nederland B.V..

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		
	30/09/18	30/09/17	%	30/09/18	30/09/17	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
<b>Profit for the period/year is arrived at after charging/(crediting) :-</b>						
Investment income	-	-	N.M.	-	-	N.M.
Other income including interest income	(1,623)	(1,597)	2%	(4,882)	(4,785)	2%
Amortisation of deferred gain	-	(265)	N.M.	-	(797)	N.M.
Interest on borrowings	610	354	72%	1,900	1,063	79%
Depreciation of property, plant and equipment	3,970	3,470	14%	11,426	10,935	4%
Depreciation of investment property	18	11	64%	53	22	141%
Amortisation of intangible assets	331	329	1%	962	956	1%
(Write back)/Allowance for doubtful debts and bad debts written off	276	-	N.M.	304	6	4967%
(Write back)/Allowance for inventory obsolescence	730	950	-23%	1,629	984	66%
Foreign exchange loss/(gain), net	(207)	254	N.M.	27	766	-96%
Adjustments for under/(over) provision of tax in respect of prior years	(80)	(148)	-46%	(230)	(693)	-67%
Loss/(Gain) on disposal of property, plant and equipment, net	21	(49)	N.M.	186	(21)	N.M.
Property, plant and equipment written off	2	-	N.M.	2	124	-98%
Investment property written off	-	-	N.M.	-	8	N.M.
<b>Exceptional items:-</b>						
Net gain on disposal of subsidiaries	-	(274)	N.M.	-	(10,459)	N.M.
Impairment loss of goodwill in a subsidiary	2,109	-	N.M.	2,109	-	N.M.
Impairment loss of deferred development costs	1,425	-	N.M.	1,425	-	N.M.
Impairment loss of property, plant and equipment	513	-	N.M.	513	-	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.**

	30/09/18 \$'000	Group 31/12/17 \$'000 (restated) <sup>(1)</sup>	31/12/16 \$'000 (restated) <sup>(1)</sup>	Company 30/09/18 \$'000	31/12/17 \$'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	96,779	93,904	100,022	-	-
Investment property	1,761	1,795	-	-	-
Subsidiaries	-	-	-	127,568	127,234
Financial asset, available-for-sale	3,805	3,805	4,132	3,805	3,805
Intangible assets	20,101	24,961	25,184	-	-
Deferred income tax assets	1,426	1,562	2,214	-	-
Other receivables, deposits and prepayments	-	-	1,661	-	-
Total non-current assets	<u>123,872</u>	<u>126,027</u>	<u>133,213</u>	<u>131,373</u>	<u>131,039</u>
<b>CURRENT ASSETS</b>					
Inventories	145,537	112,154	109,274	-	-
Trade receivables	108,802	100,314	90,668	-	-
Receivable from subsidiaries	-	-	-	6,950	5,767
Dividends receivable from subsidiaries	-	-	-	-	8,209
Other receivables, deposits and prepayments	12,980	12,549	10,631	17	34
Receivable from an associated company	-	-	108	-	-
Tax recoverable	443	958	619	-	-
Cash and cash equivalents	67,131	68,153	18,482	4,541	5,632
Total current assets	<u>334,893</u>	<u>294,128</u>	<u>229,782</u>	<u>11,508</u>	<u>19,642</u>
Total assets	<u>458,765</u>	<u>420,155</u>	<u>362,995</u>	<u>142,881</u>	<u>150,681</u>
<b>CURRENT LIABILITIES</b>					
Trade payables	76,681	61,896	51,523	-	-
Payable to a subsidiary	-	-	-	473	286
Other payables, accruals and provisions	35,639	37,478	30,385	714	598
Deferred gain	-	-	797	-	-
Borrowings	76,972	61,739	57,420	4,782	3,319
Income tax payable	4,003	2,380	2,059	7	8
Total current liabilities	<u>193,295</u>	<u>163,493</u>	<u>142,184</u>	<u>5,976</u>	<u>4,211</u>
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	1,682	1,868	1,322	-	-
Retirement benefit obligations	1,120	1,519	1,474	-	-
Deferred income tax liabilities	3,506	3,733	3,343	-	-
Total non-current liabilities	6,308	7,120	6,139	-	-
Total liabilities	<u>199,603</u>	<u>170,613</u>	<u>148,323</u>	<u>5,976</u>	<u>4,211</u>
<b>NET ASSETS</b>	<u>259,162</u>	<u>249,542</u>	<u>214,672</u>	<u>136,905</u>	<u>146,470</u>
<b>EQUITY</b>					
Capital and reserves attributable to the Company's equity holders					
Share capital	102,773	101,943	100,031	102,773	101,943
Foreign currency translation reserve	3,678	4,293	-	-	-
Merger reserve	2,345	2,345	2,345	-	-
Capital reserve	1,623	1,193	167	1,623	1,193
Statutory reserve fund	3,170	3,032	2,284	-	-
Share option reserve	792	888	1,723	792	888
Other reserve	(989)	(983)	(994)	-	-
Retained profits	143,309	134,488	107,096	31,717	42,446
	<u>256,701</u>	<u>247,199</u>	<u>212,652</u>	<u>136,905</u>	<u>146,470</u>
Non-controlling interests	2,461	2,343	2,020	-	-
<b>TOTAL EQUITY</b>	<u>259,162</u>	<u>249,542</u>	<u>214,672</u>	<u>136,905</u>	<u>146,470</u>

<sup>(1)</sup> 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 30/09/18	
Secured \$'000	Unsecured \$'000
30,475	46,497

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

### Amount repayable after one year

As at 30/09/18	
Secured \$'000	Unsecured \$'000
852	830

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

### Details of any collateral

Details of the borrowings of the Group and the Company and their securities as at 30 September 2018 are as follows:

	<u>Note</u>	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	21,567	840	22,407
Other short-term borrowings	(ii)	8,268	44,885	53,153
Term Loans	(iii)	1,492	1,602	3,094
		<u>31,327</u>	<u>47,327</u>	<u>78,654</u>

(i) bank overdrafts of :-

- (a) \$20,879,000 is secured by mortgage over properties, pledged on the trade receivables and inventories of all subsidiaries of the Company in The Netherlands; and
- (b) \$688,000 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 and machinery of a subsidiary in China.

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

	<b>Group</b>		<b>Group</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30/09/18</b>	<b>30/09/17</b>	<b>30/09/18</b>	<b>30/09/17</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit after tax</b>	5,399	5,043	19,225	28,211
Adjustments for:				
Income tax expense	2,429	1,883	6,574	5,612
Exchange differences	(182)	(652)	135	(455)
Employee share option expense	98	40	334	119
Depreciation of property, plant and equipment	3,970	3,470	11,426	10,935
Depreciation of investment property	18	11	53	22
Loss on disposal of club membership	34	-	34	-
Loss/(Gain) on disposal of property, plant and equipment, net	21	(49)	186	(21)
Property, plant and equipment written off	2	-	2	124
Written back of impairment loss of property, plant and equipment	-	(16)	-	(16)
Investment property written off	-	-	-	8
Interest income	(419)	(367)	(1,281)	(790)
Interest expense	610	354	1,900	1,063
Amortisation of deferred gain	-	(265)	-	(797)
Amortisation of intangible assets	331	329	962	956
Impairment loss of goodwill in a subsidiary	2,109	-	2,109	-
Impairment loss of deferred development costs	1,425	-	1,425	-
Impairment loss of property, plant and equipment	513	-	513	-
Net gain on disposal of subsidiaries ( <b>Note 2</b> )	-	(274)	-	(10,459)
Operating cash flow before working capital changes	<u>16,358</u>	<u>9,507</u>	<u>43,597</u>	<u>34,512</u>
<b>Changes in operating assets and liabilities :</b>				
Inventories	(7,237)	4,586	(34,022)	(9,194)
Receivables	2,074	6,695	(9,318)	(9,639)
Payables	4,324	(4,117)	13,766	14,609
Associated company	-	5	-	115
<b>Cash flows generated from operations</b>	<u>15,519</u>	<u>16,676</u>	<u>14,023</u>	<u>30,403</u>
Tax paid	(647)	(898)	(4,488)	(2,775)
Interest paid	(610)	(355)	(1,900)	(1,063)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<u>14,262</u>	<u>15,423</u>	<u>7,635</u>	<u>26,565</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	419	367	1,281	790
Additions of intangible assets	-	(125)	-	(655)
Purchase of property, plant and equipment ( <b>Note 1</b> )	(4,040)	(5,905)	(16,584)	(16,450)
Purchase of investment property	-	(171)	-	(205)
Proceeds from intangible assets	196	-	578	-
Proceeds from disposal of property, plant and equipment	88	80	514	661
Disposal of subsidiaries, net of cash disposed of ( <b>Note 2</b> )	-	274	-	38,583
<b>NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES</b>	<u>(3,337)</u>	<u>(5,480)</u>	<u>(14,211)</u>	<u>22,724</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of share capital	-	45	830	1,742
Repayment of finance lease liabilities	-	(2)	-	(157)
Repayment of short term bank borrowings	(38,991)	(34,620)	(107,508)	(96,281)
Repayment of term loans	(202)	(143)	(618)	(476)
Proceeds from short term bank borrowings	35,888	26,389	121,834	95,455
Proceeds from term loans	(11)	42	1,407	944
Dividend paid to shareholders	-	-	(10,055)	(4,970)
Withdrawal of fixed deposits pledged as securities	1	-	-	-
<b>NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>	<u>(3,315)</u>	<u>(8,289)</u>	<u>5,890</u>	<u>(3,743)</u>
Net increase/(decrease) in cash and cash equivalents	7,610	1,654	(686)	45,546
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR</b>	37,730	33,377	44,604	(9,966)
Effect of exchange rate changes on cash and cash equivalents	(736)	(1,052)	686	(1,601)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR</b>	<u>44,604</u>	<u>33,979</u>	<u>44,604</u>	<u>33,979</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 3 months ended		Group 9 months ended	
	30/09/18 \$'000	30/09/17 \$'000	30/09/18 \$'000	30/09/17 \$'000
<b>Cash and cash equivalents at end of the financial period/year comprise:</b>				
Short term funds placed with Malaysian financial institutions	44,916	42,728	44,916	42,728
Deposits with licensed banks	3,619	4,120	3,619	4,120
Cash and bank balances	18,596	13,759	18,596	13,759
Bank overdrafts	(22,407)	(26,509)	(22,407)	(26,509)
	44,724	34,098	44,724	34,098
Less: Deposits pledged as securities	(120)	(119)	(120)	(119)
	44,604	33,979	44,604	33,979

**Note 1 :**

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$15,811,000 (30.09.2017: \$17,455,000) of which \$1,424,000 (30.09.2017: \$5,497,000) was included in other payables at balance sheet date. Cash payments of \$16,584,000 (30.09.2017: \$16,450,000) includes an amount of \$2,197,000 (30.09.2017: \$4,492,000) 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
<b>Carrying amounts of net assets over which control was lost</b>			
<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	768	10,412
Cash and cash equivalents	3,667	374	4,041
	24,089	1,474	25,563

<u>Current liabilities</u>			
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>
<b>Consideration received:</b>			
Cash	42,798	15	42,813
Less: Transaction costs related to disposal of subsidiaries	(189)	-	(189)
Total consideration received	<u>42,609</u>	<u>15</u>	<u>42,624</u>
<b>Gain/(Loss) on disposal</b>			
Consideration received	42,609	15	42,624
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>11,336</u>	<u>(877)</u>	<u>10,459</u>
<b>Net cash outflow arising on disposal</b>			
Cash consideration received	42,609	15	42,624
Cash and cash equivalents disposed of	(3,667)	(374)	(4,041)
	<u>38,942</u>	<u>(359)</u>	<u>38,583</u>

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

	3 months ended		9 months ended	
	30/09/18	30/09/17	30/09/18	30/09/17
	\$'000	\$'000	\$'000	\$'000
<b><u>Statement of Comprehensive Income</u></b>				
Profit for the period/year	5,399	5,043	19,225	28,211
<i>Item that will not be reclassified subsequently to income statement :</i>				
- Remeasurement of defined benefit obligation	-	-	-	-
<i>Item that may be reclassified subsequently to income statement :</i>				
- Currency translation differences arising from consolidation	(2,913)	1,119	(714)	1,730
Total comprehensive income for the period/year	<u>2,486</u>	<u>6,162</u>	<u>18,511</u>	<u>29,941</u>
Attributable to:				
Equity holders of the Company	2,377	6,144	18,393	29,690
Non-controlling interests	109	18	118	251
Total comprehensive income for the period/year	<u>2,486</u>	<u>6,162</u>	<u>18,511</u>	<u>29,941</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 30 September 2018 and 30 September 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
<b>The Group</b>											
At 1 July 2018	102,773	6,547	2,345	1,623	3,066	694	(978)	138,156	254,226	2,352	256,578
Profit for the quarter	-	-	-	-	-	-	-	5,257	5,257	142	5,399
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	(2,869)	-	-	-	-	(11)	-	(2,880)	(33)	(2,913)
Total comprehensive income/(loss) for the quarter	-	(2,869)	-	-	-	-	(11)	5,257	2,377	109	2,486
<i>Transactions with owners recognised directly in equity</i>											
Transfer to statutory reserve fund	-	-	-	-	104	-	-	(104)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	98	-	-	98	-	98
	-	-	-	-	104	98	-	(104)	98	-	98
At 30 September 2018	102,773	3,678	2,345	1,623	3,170	792	(989)	143,309	256,701	2,461	259,162
At 1 July 2017	101,728	(28,666)	2,345	1,098	2,165	871	(995)	154,458	233,004	2,253	235,257
Effect of adopting SFRS(I) *	-	29,302	-	-	-	-	-	(29,302)	-	-	-
At 1 July 2017 (restated)	101,728	636	2,345	1,098	2,165	871	(995)	125,156	233,004	2,253	235,257
Profit for the quarter	-	-	-	-	-	-	-	5,014	5,014	29	5,043
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	1,128	-	-	-	-	2	-	1,130	(11)	1,119
Total comprehensive income/(loss) for the quarter	-	1,128	-	-	-	-	2	5,014	6,144	18	6,162
<i>Transactions with owners recognised directly in equity</i>											
Transfer to statutory reserve fund	-	-	-	-	81	-	-	(81)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	40	-	-	40	-	40
- Issue of share capital	45	-	-	26	-	(26)	-	-	45	-	45
	45	-	-	26	81	14	-	(81)	85	-	85
At 30 September 2017	101,773	1,764	2,345	1,124	2,246	885	(993)	130,089	239,233	2,271	241,504

	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
<b>The Company</b>								
At 1 July 2018	102,773	-	-	1,623	-	694	32,106	137,196
Total comprehensive loss for the quarter	-	-	-	-	-	-	(389)	(389)
<i>Transactions with owners recognised directly in equity</i>								
Employee share option scheme - Value of employee services	-	-	-	-	-	98	-	98
	-	-	-	-	-	98	-	98
At 30 September 2018	102,773	-	-	1,623	-	792	31,717	136,905
At 1 July 2017	101,728	-	-	1,098	-	871	35,113	138,810
Total comprehensive loss for the quarter	-	-	-	-	-	-	(57)	(57)
<i>Transactions with owners recognised directly in equity</i>								
Employee share option scheme - Value of employee services	-	-	-	-	-	40	-	40
- Issue of share capital	45	-	-	26	-	(26)	-	45
	45	-	-	26	-	14	-	85
At 30 September 2017	101,773	-	-	1,124	-	885	35,056	138,838

\* 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.



**(b) Statement of changes in equity for the nine months ended 30 September 2018 and 30 September 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
<b>The Group</b>											
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 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 year	-	-	-	-	-	-	-	19,014	19,014	211	19,225
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	(615)	-	-	-	-	(6)	-	(621)	(93)	(714)
Total comprehensive income/(loss) for the year	-	(615)	-	-	-	-	(6)	19,014	18,393	118	18,511
<i>Transactions with owners recognised directly in equity</i>											
Transfer to statutory reserve fund	-	-	-	-	138	-	-	(138)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	334	-	-	334	-	334
- Issue of share capital	830	-	-	430	-	(430)	-	-	830	-	830
Dividend Paid	-	-	-	-	-	-	-	(10,055)	(10,055)	-	(10,055)
	830	-	-	430	138	(96)	-	(10,193)	(8,891)	-	(8,891)
At 30 September 2018	102,773	3,678	2,345	1,623	3,170	792	(989)	143,309	256,701	2,461	259,162
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 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 year	-	-	-	-	-	-	-	27,925	27,925	286	28,211
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	1,764	-	-	-	-	1	-	1,765	(35)	1,730
Total comprehensive income/(loss) for the year	-	1,764	-	-	-	-	1	27,925	29,690	251	29,941
<i>Transactions with owners recognised directly in equity</i>											
Transfer to/(from) statutory reserve fund	-	-	-	-	(38)	-	-	38	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	119	-	-	119	-	119
- Issue of share capital	1,742	-	-	957	-	(957)	-	-	1,742	-	1,742
Dividend Paid	-	-	-	-	-	-	-	(4,970)	(4,970)	-	(4,970)
	1,742	-	-	957	(38)	(838)	-	(4,932)	(3,109)	-	(3,109)
At 30 September 2017	101,773	1,764	2,345	1,124	2,246	885	(993)	130,089	239,233	2,271	241,504
	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			
<b>The Company</b>											
At 1 January 2018	101,943	-	-	1,193	-	888	42,446	146,470			
Total comprehensive loss for the year	-	-	-	-	-	-	(674)	(674)			
<i>Transactions with owners recognised directly in equity</i>											
Employee share option scheme - Value of employee services	-	-	-	-	-	334	-	334			
- Issue of share capital	830	-	-	430	-	(430)	-	830			
Dividend paid	-	-	-	-	-	-	(10,055)	(10,055)			
	830	-	-	430	-	(96)	(10,055)	(8,891)			
At 30 September 2018	102,773	-	-	1,623	-	792	31,717	136,905			
At 1 January 2017	100,031	-	-	167	-	1,723	38,727	140,648			
Total comprehensive income for the year	-	-	-	-	-	-	1,299	1,299			
<i>Transactions with owners recognised directly in equity</i>											
Employee share option scheme - Value of employee services	-	-	-	-	-	119	-	119			
- Issue of share capital	1,742	-	-	957	-	(957)	-	1,742			
Dividend paid	-	-	-	-	-	-	(4,970)	(4,970)			
	1,742	-	-	957	-	(838)	(4,970)	(3,109)			
At 30 September 2017	101,773	-	-	1,124	-	885	35,056	138,838			

\* 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(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

There were no changes in the Company's share capital for the quarter ended 30 September 2018.

	Total number of issued shares as at	
	30/09/18	30/09/17
Number of issued shares	420,907,409	415,382,409
Number of treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>420,907,409</u>	<u>415,382,409</u>

Share options

The movement of share options of the Company during the period from 1 July 2018 to 30 September 2018 is as follows:

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 1.7.2018	Granted during the period	Forfeited during the period	Exercised during the period	As at 30.9.2018		
1.12.2008 (2008 Option)	90,000	0	0	0	90,000	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	1,185,000	0	0	0	1,185,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	2,615,000	0	0	0	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)	500,000	0	0	0	500,000	\$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
	<u>7,390,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,390,000</u>		

	Total number of shares as at	
	30/09/18	30/09/17
Total number of shares that may be issued on exercise of share options outstanding	<u>7,390,000</u>	<u>9,915,000</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	
	30/09/18	31/12/17
Total number of issued shares excluding treasury shares	<u>420,907,409</u>	<u>416,382,409</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.

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		Group 9 months ended	
	30/09/18	30/09/17	30/09/18	30/09/17
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)	1.25	1.21	4.53	6.78
- Weighted average number of shares (in thousand)	420,907	415,221	419,532	412,109
(ii) On a fully diluted basis (in cents)	1.24	1.19	4.50	6.69
- Adjusted weighted average number of shares (in thousand)	423,241	421,230	422,249	417,335

Basic earnings per share for the period/year is calculated based on the weighted average number of ordinary shares in issue.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	Group		Company	
	30/09/18	31/12/17	30/09/18	31/12/17
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	60.99	59.37	32.53	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 30.09.2018 of 420,907,409 (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	9M	4Q	Full Year
<b>FY2018 (S\$'000)</b>	138,750	147,426	163,913	450,089	-	-
<b>FY2017 (S\$'000)</b>	134,411	125,961	129,245	389,617	125,469	515,086
<b>yoy (%)</b>	3.2	17.0	26.8	15.5	N.M.	N.M.

For the three months ended 30 September 2018 ("3Q18"), the Group's revenue increased 26.8% year-on-year (yoy) to S\$163.9 million, lifted mainly by higher sales at the Mechatronics Division.

For the nine months ended 30 September 2018 ("9M18"), the Group's revenue increased 15.5% to S\$450.1 million from S\$389.6 million in 9M17. An increase in sales of 25.3% at the Mechatronics Division was partially offset by a sales decline of 9.9% at the IMS Division due mainly to the absence of sales in 9M18 from Precico Electronics Sdn. Bhd. ("PESB") which the Group divested on 31 March 2017.

For 9M18, the Mechatronics and IMS Divisions contributed 78.3% and 21.7% respectively to the Group's revenue.

### Revenue breakdown by Business Segment

Sales	3Q18	3Q17	yoy	2Q18	qoq	9M18	9M17	yoy
	S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
<b>MECHATRONICS DIVISION</b>								
Semiconductor	30,469	28,100	8.4	31,396	(3.0)	97,788	89,863	8.8
Medical	20,990	18,486	13.5	21,187	(0.9)	61,936	50,580	22.5
Analytical	33,946	27,807	22.1	33,862	0.2	100,174	83,049	20.6
Industrial Automation	41,068	16,593	147.5	20,162	103.7	75,483	42,635	77.0
Others	4,829	5,534	(12.7)	7,396	(34.7)	16,847	14,954	12.7
<b>Mechatronics Total</b>	<b>131,302</b>	<b>96,520</b>	<b>36.0</b>	<b>114,003</b>	<b>15.2</b>	<b>352,228</b>	<b>281,081</b>	<b>25.3</b>
<b>IMS DIVISION</b>								
Automotive	23,804	22,791	4.4	24,960	(4.6)	72,270	78,325	(7.7)
Consumer & Industrial Electronics	5,441	5,362	1.5	5,672	(4.1)	16,480	16,136	2.1
Others	326	891	(63.4)	690	(52.8)	1,656	2,884	(42.6)
Tooling	2,968	3,612	(17.8)	2,028	46.4	7,238	11,053	(34.5)
<b>IMS Total</b>	<b>32,539</b>	<b>32,656</b>	<b>(0.4)</b>	<b>33,350</b>	<b>(2.4)</b>	<b>97,644</b>	<b>108,398</b>	<b>(9.9)</b>

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

Revenue at the Mechatronics Division increased 36.0% yoy to S\$131.3 million in 3Q18, driven mainly by sales growth of the semiconductor, medical, analytical and industrial automation segments.

Sales of the industrial automation segment, which is typically lumpy in nature, saw substantial growth of 147.5% yoy to S\$41.1 million in 3Q18 on the back of increased orders for storage drive production equipment from a key customer.

Sales of the analytical segment grew 22.1% in 3Q18 due primarily to higher demand from end-users in the life sciences and semiconductor industries. The medical segment registered sales growth of 13.5% yoy in 3Q18, attributable mainly to higher demand from a key customer in the healthcare sector.

Sales of the semiconductor segment increased 8.4% yoy in 3Q18. The Group saw a significant increase in orders for front-end semiconductor equipment which was partially offset by a slowdown in sales of back-end semiconductor equipment.

The IMS Division recorded relatively stable sales of S\$32.5 million in 3Q18 as compared to S\$32.7 million in 3Q17. The automotive segment posted moderate sales growth of 4.4% which was offset by slower sales of the tooling and others segments.

### Gross Profit Margin

In tandem with higher sales, the Group's gross profit increased 21.5% to S\$25.2 million in 3Q18 from S\$20.7 million in 3Q17. However, gross profit margin softened to 15.3% in 3Q18 from 16.0% in 3Q17 due to a shift in the revenue contributions from the Group's business segments.

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

Other income, net of other operating expenses, increased to S\$0.8 million in 3Q18 from S\$0.7 million in 3Q17 due mainly to net foreign exchange gain.

### Selling and Administrative Expenses

Selling and distribution expenses increased 11.7% yoy to S\$3.0 million in 3Q18, attributable mainly to increases in personnel salaries as well as transportation costs in tandem with higher sales. Administrative and general expenses decreased 9.5% yoy to S\$10.9 million in 3Q18 due primarily to lower personnel-related costs.

### Finance Costs

Finance costs increased to S\$0.6 million in 3Q18 from S\$0.4 million in 3Q17, due mainly to higher short term borrowings for working capital purposes.

### Group Profit before Income Tax & Exceptional Items

As a result of the above, the Group's profit before income tax ("PBT") and exceptional item increased 78.5% to S\$11.9 million in 3Q18 from S\$6.7 million in 3Q17.

### Exceptional Items (refer to Note 2, Part 1 of Income Statement)

The Group recorded exceptional items amounting to S\$4.0 million in 3Q18 and 9M18. This was in respect of impairment losses of goodwill attributable to NTZ Nederland B.V., certain deferred development costs and property, plant and equipment incurred by NTZ Nederland B.V. which is an operating unit of the IMS Division. In 3Q17 and 9M17, the Group registered exceptional gains of S\$0.3 million and S\$10.5 million respectively in relation to net gain on disposal of subsidiaries.

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

	1Q	2Q	3Q	9M	4Q	Full Year
<b>FY2018 (S\$'000)</b>	6,757	7,000	5,257 <sup>^</sup>	19,014	-	-
<b>FY2017 (S\$'000)</b>	16,275 <sup>*</sup>	6,636	5,014 <sup>*</sup>	27,925	5,185 <sup>#</sup>	33,110
<b>yoy (%)</b>	(58.5)	5.5	4.8	(31.9)	N.M.	N.M.

<sup>^</sup> including impairment loss of goodwill of S\$2.1 million, impairment loss of deferred development costs of S\$1.4 million and impairment loss of property, plant and equipment of S\$0.5 million

<sup>\*</sup>including net gain on disposal of subsidiaries of S\$10.2 million in 1Q17 and S\$0.3 million in 3Q17

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

After accounting for the exceptional items, income tax of S\$2.4 million and non-controlling interest of S\$0.1 million, the Group reported a net profit attributable to equity holders (PATMI) of S\$5.3 million in 3Q18, an increase of 4.8% yoy.

Excluding the exceptional items, the Group's PATMI in 3Q18 would have increased 96.3% to S\$9.3 million from S\$4.7 million in 3Q17.

For 9M18, the Group recorded PATMI of S\$19.0 million, a decrease of 31.9% from S\$27.9 million in 9M17. Excluding the exceptional items, the Group would have posted a higher PATMI of S\$23.1 million in 9M18, an increase of 32.0% from S\$17.5 million in 9M17.

Excluding exceptional items, the Mechatronics Division's PATMI increased to S\$23.5 million from S\$16.7 million in 9M17 while the IMS Division recorded a PATMI of S\$0.2 million in 9M18 as compared to S\$1.4 million in 9M17.

### **Balance Sheet**

As at 30 September 2018, the Group had shareholders' equity of S\$256.7 million, equivalent to net asset value of 61.0 cents per share based on the total number of issued shares of 420.9 million shares.

Total assets increased to S\$458.8 million as at 30 September 2018 from S\$420.2 million at the end of December 2017. Property, plant and equipment increased to S\$96.8 million from S\$93.9 million as at 31 December 2017, attributable mainly to purchases of property, plant and equipment during the period in review.

Cash and cash equivalents decreased slightly to S\$67.1 million as at 30 September 2018 from S\$68.2 million as at 31 December 2017. Inventories increased to S\$145.5 million as at 30 September 2018 from S\$112.2 million at the end of December 2017 to meet the fulfillment of orders to customers. Trade receivables increased to S\$108.8 million from S\$100.3 million as at 31 December 2017 in tandem with the increase in the Group's sales.

Trade payables increased to S\$76.7 million as at 30 September 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 30 September 2018 increased to S\$78.7 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\$11.5 million as at 30 September 2018 as compared to net cash of S\$4.5 million as at 31 December 2017. Total net debt-to-equity ratio stood at 4.5% as at 30 September 2018.

### **Cash Flow Analysis**

The Group generated net cash of S\$7.6 million from operating activities in 9M18. Net cash used for investing activities amounted to S\$14.2 million in 9M18, attributable mainly to capital expenditure. Net cash generated from financing activities amounted to S\$5.9 million in 9M18 due primarily to net proceeds derived from short term bank borrowings, offset partially by payment of dividends to shareholders.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of S\$0.7 million during 9M18. 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\$0.7 million on its opening cash and cash equivalents, the Group had an ending cash balance of S\$44.6 million as at 30 September 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 3Q18 are in line with the guidance provided in its financial statements posted on the SGX website on 10 August 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**

For the year-to-date, the Group has reported three consecutive quarters of growth on both a year-on-year and quarter-on-quarter basis, driven by the improving sales performance of the Mechatronics Division. As a result, the Group's revenue increased 15.5% to S\$450.1 million in 9M18 compared to 9M17. Excluding exceptional items for both periods, the Group's PATMI of S\$23.1 million in 9M18 has already exceeded the PATMI of S\$23.0 million that it reported for FY2017.

The Group remains confident of its long term business prospects. However, it is mindful of the potential short term risks to global economic growth due to escalating trade tensions and potentially uneven end-user demand conditions across the different business sectors.

To achieve its goal of delivering sustainable and profitable growth to stakeholders over the long run, the Group will continue to pursue its strategy of operating in a broad array of market segments, end-user and geographical markets. The Group believes this business diversity will provide greater resilience and stability to its financial performance.

The Group continues to execute strategies and implement initiatives that will strengthen its position as a premier Global Integrated Technology Solutions Company. Both the Mechatronics and IMS Divisions are working continuously to secure new programs and further expand market share by collaborating closely with new and existing customers to develop the next generation of technology and products.

Both divisions also have ongoing programs aimed at improving the overall efficiency of the organisation and attaining operational excellence.

#### **BUSINESS SEGMENT OUTLOOK**

Based on current indicators, revenue of the semiconductor segment is anticipated to be stable year-on-year in 4Q18. While the Group expects an increase in orders for front-end semiconductor equipment from a key customer, this is likely to be counterbalanced by softer demand from customers of back-end semiconductor equipment.

Revenue contributions from the analytical and medical segments are expected to increase year-on-year in 4Q18 on the back of higher demand from customers in Europe.

Revenue of the industrial automation segment, which is typically lumpy in nature, is anticipated to show robust year-on-year growth in 4Q18, lifted by an increase in orders for storage drive production equipment from a key multinational customer in Asia.

Revenue of the automotive segment in 4Q18 is expected to be stable as compared to 4Q17.

#### **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	
	30/09/2018	30/09/2017
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  
07-Nov-18



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

We, Mohamad Anwar Au and Melvin Chan Wai Leong, 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 2018 financial results to be false or misleading.

On behalf of the Board of Directors

*(Signed)*  
Mohamad Anwar Au  
Executive Director

*(Signed)*  
Melvin Chan Wai Leong  
Independent Director

Singapore, 7 November 2018