



**FRENCKEN GROUP LIMITED**  
(Company Registration No. 199905084D)

**Announcement**

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**RESPONSE TO QUERY FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S FY2018 RESULTS ANNOUNCEMENT**

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The Board of Directors of Frencken Group Limited (the "Company") and together with its subsidiaries (the "Group") refers to questions raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") in respect of the Company's results announcement for the financial year ended 31 December 2018 ("FY2018"). The Company's response is set out as follows:

**SGX's Questions:**

It is disclosed on page 1 of the announced financial results that exceptional items amounted to \$3,907,000 for the 12 months ended 31/12/2018 and Note 2 explained that exceptional items comprise:-

	12 months ended 31/12/2018 \$'000
Net gain on disposal of subsidiaries	140
Impairment loss of goodwill in a subsidiary	(2,109)
Impairment loss of deferred development costs	(1,425)
Impairment loss of property, plant and equipment	(513)
Total	(3,907)

Page 18 of the announced financial results said that for FY2018, the Group recorded an exceptional loss amount to S\$3.9 million which 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 IMS Division.

In relation to the impairment losses of (i) goodwill; (ii) deferred development costs; and (iii) property, plant and equipment (collectively, the "**Impairment Losses**"), please disclose:-

- i. The reason(s) for the Impairment Losses; and
- ii. The Board's opinion on the reasonableness of the methodologies used to determine the value of the Impairment Losses.

**Company's Reply:**

**i. The reason(s) for the Impairment Losses:**

In accordance with SFRS(I) 1-36 Impairment of Assets, the Group is required to review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that any of its assets have suffered an impairment loss. Hence, an assessment was carried out and it was determined that the goodwill attributable to NTZ Nederland B.V., certain of its deferred development costs and equipment had to be impaired as the assessed recoverable amount was lower than its carrying value.

The recoverable amount is determined based on its value-in-use which is ascertained from its estimated future cash flows discounted to its present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

**ii. The Board's opinion on the reasonableness of the methodologies used to determine the value of the Impairment Losses**

The Board is of the opinion that the methodologies used to determine the value of the impairment losses as enumerated above complies with the prescription of SFRS(I) 1-36 on Impairment of Assets. As such, they deemed the methodologies are appropriate.

On behalf of the Board,

Mohamad Anwar Au  
Executive Director

25 February 2019

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**About Frencken Group Limited**

Frencken Group is a Global Integrated Technology Solutions Company that serves world-class multinational companies in the automotive, healthcare, industrial, life sciences and semiconductor industries.

Frencken Group operates on a worldwide scale through its established local presence of 17 operating sites and 3,500 employees across Asia, Europe and the USA. Working in partnership with its growing base of global customers, the Group unites the strengths of its strategically located businesses to create value for a wide variety of end-user markets.

Leveraging on its advanced technological and manufacturing capabilities, Frencken Group provides comprehensive Original Design, Original Equipment and Diversified Integrated Manufacturing solutions. The Group's extensive solutions span from product conceptualization, integrated design, prototyping, new product introductions, supply chain design and management, state-of-the-art value and volume manufacturing services to logistics solutions.

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