



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		
	30/09/19 \$'000	30/09/18 \$'000	% Change	30/09/19 \$'000	30/09/18 \$'000	% Change
Revenue	170,176	163,913	3.8%	493,601	450,089	9.7%
Cost of sales	(143,161)	(138,762)	3.2%	(413,456)	(377,649)	9.5%
Gross profit	27,015	25,151	7.4%	80,145	72,440	10.6%
Other income (Note 1)	1,466	1,204	21.8%	3,283	3,601	-8.8%
Selling and distribution expenses	(2,602)	(3,000)	-13.3%	(9,178)	(9,073)	1.2%
Administrative and general expenses	(11,135)	(10,921)	2.0%	(32,592)	(35,121)	-7.2%
Other operating expenses (Note 1)	(370)	(368)	0.5%	(1,189)	(1,382)	-14.0%
Interest income	402	419	-4.1%	1,207	1,281	-5.8%
Finance costs	(687)	(610)	12.6%	(2,255)	(1,900)	18.7%
Exceptional items (Note 2)	-	(4,047)	N.M.	-	(4,047)	N.M.
Profit before income tax	14,089	7,828	80.0%	39,421	25,799	52.8%
Income tax expense	(2,567)	(2,429)	5.7%	(8,056)	(6,574)	22.5%
Profit for the year	11,522	5,399	113.4%	31,365	19,225	63.1%
Profit attributable to:						
Equity holders of the Company	11,429	5,257	117.4%	31,136	19,014	63.8%
Non-controlling interests	93	142	-34.5%	229	211	8.5%
	11,522	5,399	113.4%	31,365	19,225	63.1%
Note 1 - Other income/(Other operating expenses)						
Other income	1,466	1,204	21.8%	3,283	3,601	-8.8%
Other operating expenses	(370)	(368)	0.5%	(1,189)	(1,382)	-14.0%
	1,096	836	31.1%	2,094	2,219	-5.6%
Included in Other income/(Other operating expenses):						
(Loss)/Gain on disposal of property, plant and equipment, net	(10)	(21)	-52.4%	38	(186)	N.M.
Property, plant and equipment written off	(1)	(2)	-50.0%	(1)	(2)	-50.0%
Government grants	604	338	78.7%	1,369	1,559	-12.2%
Foreign exchange (loss)/gain, net	(3)	207	N.M.	(631)	(27)	2237.0%
Scrap sales	163	178	-8.4%	467	525	-11.0%
Project income	228	-	N.M.	366	-	N.M.
Other income	142	149	-4.7%	515	367	40.3%
Other expenses	(27)	(13)	107.7%	(29)	(17)	70.6%
	1,096	836	31.1%	2,094	2,219	-5.6%
Note 2 - Exceptional items comprise:-						
Impairment loss of goodwill in a subsidiary	(i)	(2,109)	N.M.	-	(2,109)	N.M.
Impairment loss of deferred development costs	(i)	(1,425)	N.M.	-	(1,425)	N.M.
Impairment loss of property, plant and equipment	(i)	(513)	N.M.	-	(513)	N.M.
	-	(4,047)	N.M.	-	(4,047)	N.M.

Note

(i) This was 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		
	30/09/19	30/09/18	%	30/09/19	30/09/18	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Profit for the period/year is arrived at after charging/(crediting) :-						
Investment income	-	-	N.M.	-	-	N.M.
Other income including interest income	(1,868)	(1,623)	15%	(4,490)	(4,882)	-8%
Interest on borrowings	687	610	13%	2,255	1,900	19%
Depreciation of property, plant and equipment	3,794	3,970	-4%	11,616	11,426	2%
Depreciation of right-of-use assets	1,263	-	N.M.	3,761	-	N.M.
Depreciation of investment properties	17	18	-6%	49	53	-8%
Amortisation of intangible assets	94	331	-72%	379	962	-61%
(Write back)/Allowance for doubtful debts and bad debts written off	29	276	-89%	47	304	-85%
(Write back)/Allowance for inventory obsolescence	182	730	-75%	703	1,629	-57%
Foreign exchange loss/(gain), net	3	(207)	N.M.	631	27	2237%
Adjustments for under/(over) provision of tax in respect of prior years	(59)	(80)	-26%	(141)	(230)	-39%
Loss/(Gain) on disposal of property, plant and equipment, net	10	21	-52%	(38)	186	N.M.
Property, plant and equipment written off	1	2	-50%	1	2	-50%
Exceptional items:-						
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.

	Group		Company	
	30/09/19 \$'000	31/12/18 \$'000	30/09/19 \$'000	31/12/18 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	95,614	97,353	-	-
Right-of-use assets ⁽¹⁾	14,692	-	-	-
Investment properties	1,661	1,704	-	-
Subsidiaries	-	-	127,960	127,666
Financial asset at fair value through other comprehensive income	3,235	3,235	3,235	3,235
Intangible assets	19,164	19,684	-	-
Deferred income tax assets	1,231	1,445	-	-
Other receivables, deposits and prepayments	480	840	-	-
Total non-current assets	136,077	124,261	131,195	130,901
CURRENT ASSETS				
Inventories	152,810	144,619	-	-
Trade receivables	114,263	115,870	-	-
Receivable from subsidiaries	-	-	6,443	6,766
Dividends receivable from subsidiaries	-	-	-	11,282
Other receivables, deposits and prepayments	12,323	10,897	36	39
Tax recoverable	233	1,009	-	-
Cash and cash equivalents	79,803	67,084	5,762	4,667
Total current assets	359,432	339,479	12,241	22,754
Total assets	495,509	463,740	143,436	153,655
CURRENT LIABILITIES				
Trade payables	77,747	79,198	-	-
Payable to a subsidiary	-	-	729	572
Other payables, accruals and provisions	39,743	38,267	720	706
Lease liabilities ⁽¹⁾	4,618	-	-	-
Borrowings	61,163	67,496	3,138	4,758
Income tax payable	6,119	4,577	16	9
Total current liabilities	189,390	189,538	4,603	6,045
NON-CURRENT LIABILITIES				
Lease liabilities ⁽¹⁾	10,340	-	-	-
Borrowings	308	1,210	-	-
Retirement benefit obligations	1,834	1,624	-	-
Deferred income tax liabilities	3,749	3,849	-	-
Total non-current liabilities	16,231	6,683	-	-
Total liabilities	205,621	196,221	4,603	6,045
NET ASSETS	289,888	267,519	138,833	147,610
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	103,318	102,892	103,318	102,892
Foreign currency translation reserve	471	1,184	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	1,893	1,682	1,893	1,682
Statutory reserve fund	3,711	3,483	-	-
Share option reserve	914	831	914	831
Fair value reserve	(3,165)	(3,165)	(3,165)	(3,165)
Other reserve	(975)	(967)	-	-
Retained profits	178,452	156,607	35,873	45,370
	286,964	264,892	138,833	147,610
Non-controlling interests	2,924	2,627	-	-
TOTAL EQUITY	289,888	267,519	138,833	147,610

⁽¹⁾ The Group has adopted SFRS(I) 16 Leases with effect from 1 January 2019. 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 30/09/19	
Secured \$'000	Unsecured \$'000
31,057	30,106

As at 31/12/18	
Secured \$'000	Unsecured \$'000
28,907	38,589

Amount repayable after one year

As at 30/09/19	
Secured \$'000	Unsecured \$'000
308	-

As at 31/12/18	
Secured \$'000	Unsecured \$'000
716	494

Details of any collateral

Details of the borrowings of the Group and the Company and their securities as at 30 September 2019 are as follows:

	<u>Note</u>	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	23,812	59	23,871
Other short-term borrowings	(ii)	6,660	29,270	35,930
Term Loans	(iii)	893	777	1,670
		<u>31,365</u>	<u>30,106</u>	<u>61,471</u>

(i) bank overdrafts of :-

(a) \$22,801,000 is secured by mortgage over properties, pledged on the machineries, inventories and certain trade receivables of the subsidiaries of the Company in The Netherlands; and

(b) \$1,011,000 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.

	Group		Group	
	3 months ended 30/09/19 \$'000	30/09/18 \$'000	9 months ended 30/09/19 \$'000	30/09/18 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit after tax	11,522	5,399	31,365	19,225
Adjustments for:				
Income tax expense	2,567	2,429	8,056	6,574
Exchange differences	120	(182)	369	135
Employee share option expense	97	98	294	334
Depreciation of property, plant and equipment	3,794	3,970	11,616	11,426
Depreciation of right-of-use assets	1,263	-	3,761	-
Depreciation of investment properties	17	18	49	53
Loss on disposal of club membership	-	34	-	34
Loss/(Gain) on disposal of property, plant and equipment, net	10	21	(38)	186
Property, plant and equipment written off	1	2	1	2
Interest income	(402)	(419)	(1,207)	(1,281)
Interest expense	687	610	2,255	1,900
Amortisation of intangible assets	94	331	379	962
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
Operating cash flow before working capital changes	19,770	16,358	56,900	43,597
Changes in operating assets and liabilities :				
Inventories	1,073	(7,237)	(9,135)	(34,022)
Receivables	(1,541)	2,074	(238)	(9,318)
Payables	10,716	4,324	1,788	13,766
Cash flows generated from operations	30,018	15,519	49,315	14,023
Tax paid	(1,410)	(647)	(5,615)	(4,488)
Interest paid	(687)	(610)	(2,255)	(1,900)
NET CASH GENERATED FROM OPERATING ACTIVITIES	27,921	14,262	41,445	7,635
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	402	419	1,207	1,281
Additions of intangible assets	-	-	(17)	-
Purchase of property, plant and equipment (Note 1)	(5,015)	(4,040)	(11,588)	(16,584)
Proceeds from intangible assets	-	196	-	578
Proceeds from disposal of property, plant and equipment	172	88	295	514
Repayment of loan from a third party	90	-	240	-
NET CASH USED IN INVESTING ACTIVITIES	(4,351)	(3,337)	(9,863)	(14,211)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital	36	-	426	830
Repayment of lease liabilities	(1,193)	-	(3,463)	-
Repayment of short term bank borrowings	(33,450)	(38,991)	(89,712)	(107,508)
Repayment of term loans	(858)	(202)	(1,127)	(618)
Proceeds from short term bank borrowings	28,903	35,888	81,660	121,834
Proceeds from term loans	-	(11)	-	1,407
Dividend paid to shareholders	-	-	(9,063)	(10,055)
(Withdrawal)/Placement of fixed deposits pledged as securities	(3)	1	(32)	-
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(6,565)	(3,315)	(21,311)	5,890
Net increase/(decrease) in cash and cash equivalents	17,005	7,610	10,271	(686)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	38,533	37,730	45,060	44,604
Effect of exchange rate changes on cash and cash equivalents	242	(736)	449	686
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	55,780	44,604	55,780	44,604

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	
	30/09/19 \$'000	30/09/18 \$'000	30/09/19 \$'000	30/09/18 \$'000
Cash and cash equivalents at end of the financial period comprise:				
Short term funds placed with Malaysian financial institutions	44,644	44,916	44,644	44,916
Deposits with licensed banks	4,452	3,619	4,452	3,619
Cash and bank balances	30,707	18,596	30,707	18,596
Bank overdrafts	(23,871)	(22,407)	(23,871)	(22,407)
	55,932	44,724	55,932	44,724
Less: Deposits pledged as securities	(152)	(120)	(152)	(120)
	55,780	44,604	55,780	44,604

Note 1 :

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$10,511,000 (30.09.2018: \$15,811,000) of which \$518,000 (30.09.2018: \$1,424,000) was included in other payables at balance sheet date. Cash payments of \$11,588,000 (30.09.2018: \$16,584,000) includes an amount of \$1,595,000 (30.09.2018: \$2,197,000) for payment from other payables to purchase property, plant and equipment incurred in previous financial year.

1(d) Consolidated statement of comprehensive income

	3 months ended		9 months ended	
	30/09/19 \$'000	30/09/18 \$'000	30/09/19 \$'000	30/09/18 \$'000
<u>Statement of Comprehensive Income</u>				
Profit for the period	11,522	5,399	31,365	19,225
<i>Item that may be reclassified subsequently to income statement :</i>				
- Currency translation differences arising from consolidation	(367)	(2,913)	(653)	(714)
Total comprehensive income for the period	11,155	2,486	30,712	18,511
Attributable to:				
Equity holders of the Company	11,097	2,377	30,415	18,393
Non-controlling interests	58	109	297	118
Total comprehensive income for the period	11,155	2,486	30,712	18,511

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 2019 and 30 September 2018

	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	Fair Value Reserve \$'000	Other Reserve \$'000	Retained Profits \$'000	Total \$'000	Non-Controlling Interests \$'000	Total Equity \$'000
The Group												
At 1 July 2019	103,282	791	2,345	1,873	3,635	837	(3,165)	(963)	167,099	275,734	2,866	278,600
Profit for the quarter	-	-	-	-	-	-	-	-	11,429	11,429	93	11,522
Other comprehensive income/(loss):												
Currency translation differences arising from consolidation	-	(320)	-	-	-	-	-	(12)	-	(332)	(35)	(367)
Total comprehensive income/(loss) for the quarter	-	(320)	-	-	-	-	-	(12)	11,429	11,097	58	11,155
<i>Transactions with owners recognised directly in equity</i>												
Transfer to statutory reserve fund	-	-	-	-	76	-	-	-	(76)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	97	-	-	-	97	-	97
- Issue of share capital	36	-	-	20	-	(20)	-	-	-	36	-	36
	36	-	-	20	76	77	-	-	(76)	133	-	133
At 30 September 2019	<u>103,318</u>	<u>471</u>	<u>2,345</u>	<u>1,893</u>	<u>3,711</u>	<u>914</u>	<u>(3,165)</u>	<u>(975)</u>	<u>178,452</u>	<u>286,964</u>	<u>2,924</u>	<u>289,888</u>
At 1 July 2018	102,773	6,547	2,345	1,623	3,066	694	(2,595)	(978)	140,751	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
- Issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	104	98	-	-	(104)	98	-	98
At 30 September 2018	<u>102,773</u>	<u>3,678</u>	<u>2,345</u>	<u>1,623</u>	<u>3,170</u>	<u>792</u>	<u>(2,595)</u>	<u>(989)</u>	<u>145,904</u>	<u>256,701</u>	<u>2,461</u>	<u>259,162</u>

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	Fair Value Reserve \$'000	Retained Profits \$'000	Total \$'000
The Company									
At 1 July 2019	103,282	-	-	1,873	-	837	(3,165)	35,937	138,764
Total comprehensive loss for the quarter	-	-	-	-	-	-	-	(64)	(64)
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Value of employee services	-	-	-	-	-	97	-	-	97
- Issue of share capital	36	-	-	20	-	(20)	-	-	36
	36	-	-	20	-	77	-	-	133
At 30 September 2019	103,318	-	-	1,893	-	914	(3,165)	35,873	138,833
At 1 July 2018	102,773	-	-	1,623	-	694	(2,595)	34,701	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	(2,595)	34,312	136,905

(b) Statement of changes in equity for the nine months ended 30 September 2019 and 30 September 2018

	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	Fair Value Reserve \$'000	Other Reserve \$'000	Retained Profits \$'000	Total \$'000	Non- Controlling Interests \$'000	Total Equity \$'000
The Group												
At 1 January 2019	102,892	1,184	2,345	1,682	3,483	831	(3,165)	(967)	156,607	264,892	2,627	267,519
Profit for the period	-	-	-	-	-	-	-	-	31,136	31,136	229	31,365
Other comprehensive income/(loss):												
Currency translation differences arising from consolidation	-	(713)	-	-	-	-	-	(8)	-	(721)	68	(653)
Total comprehensive income/(loss) for the period	-	(713)	-	-	-	-	-	(8)	31,136	30,415	297	30,712
<i>Transactions with owners recognised directly in equity</i>												
Transfer to statutory reserve fund	-	-	-	-	228	-	-	-	(228)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	294	-	-	-	294	-	294
- Issue of share capital	426	-	-	211	-	(211)	-	-	-	426	-	426
Dividend Paid	-	-	-	-	-	-	-	-	(9,063)	(9,063)	-	(9,063)
	426	-	-	211	228	83	-	-	(9,291)	(8,343)	-	(8,343)
At 30 September 2019	103,318	471	2,345	1,893	3,711	914	(3,165)	(975)	178,452	286,964	2,924	289,888
At 1 January 2018	101,943	4,293	2,345	1,193	3,032	888	(2,595)	(983)	137,083	247,199	2,343	249,542
Profit for the period	-	-	-	-	-	-	-	-	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 for the period	-	(615)	-	-	-	-	-	(6)	19,014	18,393	118	18,511
<i>Transactions with owners recognised directly in equity</i>												
Transfer to/(from) 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	(2,595)	(989)	145,904	256,701	2,461	259,162

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	Fair Value Reserve \$'000	Retained Profits \$'000	Total \$'000
The Company									
At 1 January 2019	102,892	-	-	1,682	-	831	(3,165)	45,370	147,610
Total comprehensive loss for the period	-	-	-	-	-	-	-	(434)	(434)
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Value of employee services	-	-	-	-	-	294	-	-	294
- Issue of share capital	426	-	-	211	-	(211)	-	-	426
Dividend paid	-	-	-	-	-	-	-	(9,063)	(9,063)
	426	-	-	211	-	83	-	(9,063)	(8,343)
At 30 September 2019	103,318	-	-	1,893	-	914	(3,165)	35,873	138,833
At 1 January 2018	101,943	-	-	1,193	-	888	(2,595)	45,041	146,470
Total comprehensive loss for the period	-	-	-	-	-	-	-	(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	(2,595)	34,312	136,905

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 160,000 new ordinary shares pursuant to the Company's employee share option scheme at the exercise price of \$0.224. There are no treasury shares held as at the end of the current quarter.

	Total number of issued shares as at	
	30/09/19	30/09/18
Number of issued shares	423,662,409	420,907,409
Number of treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>423,662,409</u>	<u>420,907,409</u>

Share options

The movement of share options of the Company during the period from 1 July 2019 to 30 September 2019 is as follows:

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 1.7.2019	Granted during the period	Forfeited during the period	Exercised during the period	As at 30.9.2019		
1.12.2010 (2010 Option)	1,295,000	0	0	(160,000)	1,135,000	\$0.224	1.12.2012 - 30.11.2020
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>4,795,000</u>	<u>0</u>	<u>0</u>	<u>(160,000)</u>	<u>4,635,000</u>		

	Total number of shares as at	
	30/09/19	30/09/18
Total number of shares that may be issued on exercise of share options outstanding	<u>4,635,000</u>	<u>7,390,000</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	
	30/09/19	31/12/18
Total number of issued shares excluding treasury shares	<u>423,662,409</u>	<u>421,502,409</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.

Other than as mentioned in Paragraph 5 regarding the adoption of SFRS(I) 16 *Leases* effective from 1 January 2019, there were no significant changes in the accounting policies and methods of computation adopted in the financial statements of the current reporting period as compared to the most recently audited annual financial statements as at 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted SFRS(I) 16 *Leases* which are effective for the financial period beginning on or after 1 January 2019. The Group has opted for cumulative catch-up approach where the comparative figures for the year prior to the first adoption was not restated. Right-of-use assets will be measured at the amount of the lease liabilities (adjusted for any prepaid or accrued lease expenses).

On adoption of SFRS(I) 16 *Leases* on 1 January 2019, the Group has recognised right-of-use assets of S\$18,237,000 and lease liabilities of S\$18,237,000 unless they qualify for low value assets or short-term leases upon the application of SFRS(I) 16.

Except for the adoption of SFRS(I) 16, the adoption of the other new/revised standards that are effective on 1 January 2019 has no material impact on the financial statements.

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	
	30/09/19	30/09/18	30/09/19	30/09/18
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)	2.70	1.25	7.36	4.53
- Weighted average number of shares (in thousand)	423,657	420,907	422,887	419,532
(ii) On a fully diluted basis (in cents)	2.68	1.24	7.33	4.50
- Adjusted weighted average number of shares (in thousand)	425,705	423,241	424,573	422,249

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

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

	Group		Company	
	30/09/19	31/12/18	30/09/19	31/12/18
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	67.73	62.84	32.77	35.02

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 30.09.2019 of 423,662,409 (31.12.2018 : 421,502,409).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

a. any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

b. any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Frencken Group is a Global Integrated Technology Solutions Company that provides comprehensive Original Design, Original Equipment and Diversified Integrated Manufacturing solutions for world-class multinational companies in the automotive, healthcare, industrial, life sciences and semiconductor industries.

The Group has capabilities to offer end-to-end solutions across the entire customer value chain - from product conceptualisation, integrated design, prototyping and new product introductions, to supply chain design and management, state-of-the-art value and volume manufacturing and logistics services.

With 3,500 employees located in 17 operating sites across Asia, Europe and the USA, the Group offers its growing base of customers a global reach backed by local expertise. Working in partnership with its global customers, the Group unites the strengths of its strategically located businesses to create value for its customers.

Income Statement

Group Revenue

	1Q	2Q	3Q	9M	4Q	Full Year
FY2019 (S\$'000)	159,079	164,346	170,176	493,601	-	-
FY2018 (S\$'000)	138,750	147,426	163,913	450,089	175,702	625,791
yoy (%)	14.7	11.5	3.8	9.7	N.M.	N.M.

For the three months ended 30 September 2019 ("3Q19"), the Group's revenue increased 3.8% year-on-year (yoy) to S\$170.2 million. Higher sales of the Mechatronics Division in 3Q19 more than offset a decrease in sales from the IMS Division.

For the nine months ended 30 September 2019 ("9M19"), the Group's revenue increased 9.7% to S\$493.6 million, due mainly to sales growth at the Mechatronics Division.

Revenue breakdown by Business Segment

Sales	3Q19	3Q18	yoy	2Q19	qoq	9M19	9M18	yoy
	S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
MECHATRONICS DIVISION								
Semiconductor	33,578	30,469	10.2	24,262	38.4	84,220	97,788	(13.9)
Medical	21,256	20,990	1.3	22,754	(6.6)	63,470	61,936	2.5
Analytical	31,109	33,946	(8.4)	35,541	(12.5)	102,673	100,174	2.5
Industrial Automation	50,621	41,068	23.3	46,111	9.8	138,693	75,483	83.7
Others	4,495	4,829	(6.9)	4,342	3.5	13,011	16,847	(22.8)
Mechatronics Total	141,059	131,302	7.4	133,010	6.1	402,067	352,228	14.1
IMS DIVISION								
Automotive	22,212	23,804	(6.7)	24,992	(11.1)	71,500	72,270	(1.1)
Consumer & Industrial Electronics	4,822	5,441	(11.4)	4,686	2.9	14,205	16,480	(13.8)
Others	1,333	326	308.9	1,150	15.9	3,662	1,656	121.1
Tooling	1,057	2,968	(64.4)	855	23.6	3,230	7,238	(55.4)
IMS Total	29,424	32,539	(9.6)	31,683	(7.1)	92,597	97,644	(5.2)

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

The Mechatronics Division posted revenue growth of 7.4% yoy to S\$141.1 million in 3Q19, lifted mainly by increased sales of the industrial automation and semiconductor segments.

Sales of the industrial automation segment, which is typically lumpy in nature, grew 23.3% yoy to S\$50.6 million in 3Q19 due to higher sales of storage drive production equipment to a key multinational customer.

Sales of the semiconductor segment increased 10.2% yoy to S\$33.6 million in 3Q19. On a quarter-on-quarter (qoq) basis, the semiconductor segment's sales improved 38.4% to S\$33.6 million in 3Q19 from S\$24.3 million in 2Q19. This segment's sales in 3Q19 grew yoy and qoq due to higher orders for both front-end and back-end semiconductor equipment from customers in Europe and Asia.

The medical segment recorded sales of S\$21.3 million in 3Q19 which was relatively stable compared to S\$21.0 million in 3Q18. The analytical segment's sales declined 8.4% yoy to S\$31.1 million in 3Q19 due primarily to softer demand from customers in Europe.

The IMS Division's revenue decreased 9.6% yoy to S\$29.4 million in 3Q19 due mainly to reduced sales of the automotive, consumer & industrial electronics and tooling segments. Sales of the automotive segment softened 6.7% yoy to S\$22.2 million in 3Q19.

For 9M19, the Mechatronics Division's revenue increased 14.1% to S\$402.1 million compared to 9M18, driven mainly by strong sales from the industrial automation segment. The IMS Division's revenue decreased 5.2% to S\$92.6 million in 9M19 vis-à-vis 9M18, attributable primarily to lower sales of the consumer & industrial electronics and tooling segments.

Gross Profit Margin

The Group's gross profit increased 7.4% yoy to S\$27.0 million in 3Q19. Gross profit margin improved to 15.9% in 3Q19 from 15.3% in 3Q18 due mainly to higher gross profit margin of the filter business within the IMS Division.

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

Other income, net of other operating expenses, increased 31.1% to S\$1.1 million in 3Q19 from S\$0.8 million in 3Q18 due mainly to higher government grant.

Selling and Administrative Expenses

Selling and distribution expenses decreased 13.3% yoy to S\$2.6 million in 3Q19 due primarily to lower transport costs, freight charges and travelling expenses. Administrative and general expenses increased to S\$11.1 million in 3Q19 from S\$10.9 million in 3Q18.

Finance Costs

Finance costs in 3Q19 increased to S\$0.7 million from S\$0.6 million in 3Q18 attributed mainly to the recognition of interest expense arising from the adoption of SFRS (I) 16 Leases and partially offset by reduced interest from lower borrowings.

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

The Group did not report any exceptional items in 3Q19. In comparison, the Group recorded exceptional items amounting to S\$4.0 million in 3Q18 with respect to 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.

Group Profit before Income Tax

After accounting for the above items, the Group's profit before income tax increased 80.0% to S\$14.1 million in 3Q19 from S\$7.8 million in 3Q18. Excluding the exceptional items of S\$4.0 million in 3Q18, the Group's profit before income tax in 3Q19 would have shown a yoy increase of 18.6%.

Group Net Profit Attributable to Equity Holders of the Company ("PATMI")

Reported PATMI including exceptional items

	1Q	2Q	3Q	9M	4Q	Full Year
FY2019 (S\$'000)	8,598	11,109	11,429	31,136	-	-
FY2018 (S\$'000)	6,757	7,000	5,257 ^	19,014	11,016 #	30,030
yoy (%)	27.2	58.7	117.4	63.8	N.M.	N.M.

^ 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

including gain on disposal of a subsidiary of S\$0.1 million

After accounting for income tax of S\$2.6 million, the Group's net profit attributable to equity holders ("PATMI") increased 117.4% to S\$11.4 million in 3Q19 from S\$5.3 million in 3Q18. Excluding the exceptional items of S\$4.0 million in 3Q18, the Group's PATMI would have shown a yoy increase of 22.8%.

For 9M19, the Group recorded PATMI of S\$31.1 million, a gain of 63.8% from S\$19.0 million in 9M18. Excluding the exceptional items of S\$4.0 million in 9M18, the Group would have posted a yoy increase of 35.0% in PATMI.

Balance Sheet

As at 30 September 2019, the Group had shareholders' equity of S\$287.0 million, equivalent to net asset value of 67.73 cents per share based on the total number of issued shares of 423.7 million shares.

Total assets increased to S\$495.5 million as at 30 September 2019 from S\$463.7 million as at 31 December 2018. Property, plant and equipment decreased to S\$95.6 million from S\$97.4 million as at 31 December 2018. Following the adoption of the SFRS (I) 16 *Leases*, the Group's operating leases are recognised on the balance sheet as right-of-use assets and lease liabilities. As at 30 September 2019, the Group's right-of-use assets stood at S\$14.7 million.

Cash and cash equivalents increased to S\$79.8 million as at 30 September 2019 from S\$67.1 million as at 31 December 2018. Inventories increased to S\$152.8 million as at 30 September 2019 from S\$144.6 million as at 31 December 2018 to meet the fulfillment of orders to customers. Trade receivables decreased to S\$114.3 million as at 30 September 2019 from S\$115.9 million as at 31 December 2018.

Trade payables decreased to S\$77.7 million as at 30 September 2019 from S\$79.2 million as at 31 December 2018. The Group's lease liabilities stood at S\$15.0 million as at 30 September 2019.

Total borrowings decreased to S\$61.5 million as at 30 September 2019 from S\$68.7 million as at end December 2018.

The Group had net cash of S\$18.3 million as at 30 September 2019 as compared to net borrowings of S\$1.6 million as at 31 December 2018.

Cash Flow Analysis

The Group generated net cash of S\$41.5 million from operating activities in 9M19. Net cash used for investing activities amounted to S\$9.9 million in 9M19, due mainly to capital expenditure of S\$11.6 million which was partially offset principally by interest received.

Net cash used in financing activities amounted to S\$21.3 million in 9M19 due primarily to payment of dividends to shareholders, net repayment of short term bank borrowings and repayment of principal portion of the lease liabilities.

As a result of the above, the Group recorded a net increase in cash and cash equivalents of S\$10.3 million during 9M19. When added to its opening cash and cash equivalents of S\$45.1 million at the beginning of FY2019 and after accounting for the positive effect of foreign currency movements of S\$0.4 million on its opening cash and cash equivalents, the Group had an ending cash balance of S\$55.8 million as at 30 September 2019.

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 3Q19 are in line with the guidance provided in its financial statements posted on the SGX website on 8 August 2019.

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 business environment in the last quarter of FY2019 is expected to remain challenging due to ongoing uncertainties in the global economy as a result of the protracted trade war and geopolitical tensions.

Frencken serves broad and diverse business segments and geographical regions which helps to provide greater resilience and stability to the Group.

In the long term, the Group believes the global technology sector will continue to benefit from the positive market trends in cloud computing, big data, artificial intelligence, the Internet of Things and life sciences.

The Mechatronics and IMS Divisions will continue to execute business strategies to raise operational excellence, enhance capabilities, pursue best-in-class quality, as well as expand their respective market shares with both new and existing customers. These strategies are expected to further enhance Frencken's value proposition to customers and strengthen its position as a premier Global Integrated Technology Solutions Company

BUSINESS SEGMENT OUTLOOK

Based on current indicators, the semiconductor segment is anticipated to post yoy revenue growth in 4Q19.

Revenue of the medical segment is also expected to grow yoy in 4Q19 due to increased sales to customers in Europe and Asia.

However, the analytical segment is expected to show a yoy decrease in revenue in 4Q19, as this segment's key customer envisages softer demand from its end customers in the semiconductor industry during 4Q19.

Revenue of the industrial automation segment, which is typically lumpy in nature, is anticipated to decline in 4Q19, as compared to both 4Q18 and 3Q19. However, this segment is driven largely by the capital expenditure requirements of its key customer which remains well positioned to ride on mass capacity storage demand.

The automotive segment in 4Q19 is expected to post softer revenue as compared to 4Q18.

11. Dividend

(a) Current Financial Period Reported on

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

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

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

Not applicable.

PART 11- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Only applies to full year results

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

Only applies to full year results

15. A breakdown of sales.

Only applies to full year results

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

Only applies to full year results

17. Interested Person Transactions

Name of Interested Person	Aggregate value of all IPTs during the financial period under review (excluding transactions less than \$100,000)	
	3 months ended	
	30/9/2019	30/9/2018
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
6-Nov-19

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 2019 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 Non-Executive Director

Singapore, 6 November 2019