



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		
	30/09/15 \$'000	30/09/14 \$'000	% Change	30/09/15 \$'000	30/09/14 \$'000	% Change
Revenue	107,667	120,900	-10.9%	336,272	357,517	-5.9%
Cost of sales	(90,525)	(103,889)	-12.9%	(285,851)	(303,118)	-5.7%
Gross profit	17,142	17,011	0.8%	50,421	54,399	-7.3%
Other income (Note 1)	2,633	347	658.8%	5,469	3,439	59.0%
Selling and distribution expenses	(2,474)	(3,183)	-22.3%	(8,615)	(9,926)	-13.2%
Administrative and general expenses	(10,025)	(10,005)	0.2%	(30,388)	(30,223)	0.5%
Other operating expenses (Note 1)	(486)	(210)	131.4%	(1,629)	(1,834)	-11.2%
Interest income	65	40	62.5%	154	182	-15.4%
Finance costs	(383)	(369)	3.8%	(1,171)	(1,220)	-4.0%
Profit before income tax and exceptional items	6,472	3,631	78.2%	14,241	14,817	-3.9%
Exceptional items (Note 2)	(1,311)	-	N.M.	(1,311)	-	N.M.
Profit before income tax	5,161	3,631	42.1%	12,930	14,817	-12.7%
Income tax expense	(1,277)	(1,434)	-10.9%	(4,352)	(4,242)	2.6%
Total profit	3,884	2,197	76.8%	8,578	10,575	-18.9%
Profit attributable to:						
Equity holders of the Company	3,787	2,239	69.1%	8,351	10,598	-21.2%
Non-controlling interests	97	(42)	N.M.	227	(23)	N.M.
	3,884	2,197	76.8%	8,578	10,575	-18.9%

Note 1 - Other income/(Other operating expenses)

Other Income	2,633	347	658.8%	5,469	3,439	59.0%
Other Operating Expenses	(486)	(210)	131.4%	(1,629)	(1,834)	-11.2%
	2,147	137	1467.2%	3,840	1,605	139.3%

Included in Other income/(Other operating expenses):

Gain/(loss) on disposal of property, plant and equipment, net	(12)	1	N.M.	275	59	366.1%
Government grants	215	395	-45.5%	915	1,178	-22.4%
Foreign exchange (loss)/gain, net	1,359	(820)	N.M.	829	(1,491)	N.M.
Amortisation of deferred gain	266	266	0.0%	797	798	-0.1%
Scrap sales	138	261	-47.3%	528	667	-20.8%
Other income	239	78	206.2%	610	443	37.7%
Other expenses	(58)	(44)	32.2%	(114)	(49)	131.9%
	2,147	137	1467.2%	3,840	1,605	139.3%

Note 2 - Exceptional items comprise:-

Note 2 - Exceptional items comprise:-	Note						
Indemnity compensation and post contractual remuneration	(i)	(2,310)	-	N.M.	(2,310)	-	N.M.
Reversal of sales commission accrued	(ii)	998	-	N.M.	998	-	N.M.
		(1,311)	-	N.M.	(1,311)	-	N.M.

Note

- (i) The indemnity compensation to SNECI SAS is in accordance with Article L.134-12 of the French Commercial code which provides that in the event of agency termination, including non renewal of agency, the agent shall be entitled to compensation indemnity for any loss suffered arising from the termination. This code is a matter of public policy rule. Pursuant to Article L.134-7 of the French Commercial code, SNECI SAS is entitled to post contractual remuneration constituting commission for activities established during the tenure of the agency agreement but concluded within a reasonable time after the cessation of the agreement. A settlement agreement was reached with SNECI SAS for the aforesaid claims; the sum for indemnity compensation was €1,055,358 (\$1,870,885) and that for post contractual remuneration was €247,463 (\$438,690).
- (ii) This represent reversal of sales commission accrued from the day after the expiration of the agency agreement on 20th September 2014 to the conclusion of the settlement agreement on 18th September 2015.

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		
	30/09/15	30/09/14	%	30/09/15	30/09/14	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
(Loss)/Profit for the period is arrived at after charging/(crediting) :-						
Other income including interest income	(2,698)	(387)	597%	(5,623)	(3,621)	55%
Amortisation of deferred gain	(266)	(266)	0%	(797)	(798)	0%
Interest on borrowings	383	369	4%	1,171	1,220	-4%
Depreciation of property, plant and equipment	4,397	4,913	-11%	14,078	14,571	-3%
Amortisation of intangible assets	226	478	-53%	1,035	1,415	-27%
(Write-back)/Allowance for doubtful debts and bad debts written off	(123)	(49)	151%	(117)	(49)	139%
(Write back)/Allowance for inventory obsolescence	178	292	-39%	289	195	48%
Foreign exchange (gain)/ loss, net	(1,359)	820	N.M.	(829)	1,491	N.M.
Adjustments for (over)/ under provision of tax in respect of prior years	(60)	-	N.M.	(32)	52	N.M.
(Gain)/Loss on disposal of property, plant and equipment, net	12	(1)	N.M.	(275)	(59)	366%
Property, plant and equipment written off	1	45	-98%	50	46	9%
Exceptional items:-						
Indemnity compensation and post contractual remuneration	(2,310)	-	N.M.	(2,310)	-	N.M.
Reversal of sales commission accrued	998	-	N.M.	998	-	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	
	30/09/15	31/12/14	30/09/15	31/12/14
	\$'000	\$'000	\$'000	\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	97,186	106,410	-	-
Subsidiaries	-	-	135,179	135,001
Financial asset, available-for-sale	4,372	4,372	4,372	4,372
Intangible assets	25,020	24,880	-	-
Deferred income tax assets	1,714	1,147	-	-
Other receivables, deposits and prepayments	2,532	3,156	-	-
	<u>130,824</u>	<u>139,965</u>	<u>139,551</u>	<u>139,373</u>
CURRENT ASSETS				
Inventories	97,696	95,669	-	-
Trade receivables	84,860	87,207	-	-
Receivables from subsidiaries	-	-	797	1,328
Dividends receivable from subsidiaries	-	-	-	4,295
Other receivables, deposits and prepayments	7,687	8,789	9	12
Tax recoverable	144	1,862	-	-
Cash and cash equivalents	20,477	18,770	3,426	2,092
	<u>210,864</u>	<u>212,297</u>	<u>4,232</u>	<u>7,727</u>
Total assets	341,688	352,262	143,783	147,100
CURRENT LIABILITIES				
Trade payables	41,251	49,111	-	-
Other payables, accruals and provisions	30,513	31,345	524	360
Deferred gain	1,063	1,063	-	-
Borrowings	54,156	53,022	-	400
Income tax payable	2,149	1,234	2	2
	<u>129,132</u>	<u>135,775</u>	<u>526</u>	<u>762</u>
NON CURRENT LIABILITIES				
Deferred gain	1,063	1,860	-	-
Borrowings	1,761	2,337	-	-
Deferred income tax liabilities	3,619	3,835	-	-
	<u>6,443</u>	<u>8,032</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>135,575</u>	<u>143,807</u>	<u>526</u>	<u>762</u>
NET ASSETS	<u>206,113</u>	<u>208,455</u>	<u>143,257</u>	<u>146,338</u>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	99,659	99,627	99,659	99,627
Foreign currency translation reserve	(24,431)	(17,226)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	(15)	(27)	(15)	(27)
Statutory reserve fund	1,490	1,042	-	-
Share option reserve	1,787	1,621	1,787	1,621
Retained profits	123,456	119,534	41,826	45,117
	<u>204,291</u>	<u>206,916</u>	<u>143,257</u>	<u>146,338</u>
Non-controlling interests	1,822	1,539	-	-
TOTAL EQUITY	<u>206,113</u>	<u>208,455</u>	<u>143,257</u>	<u>146,338</u>

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

Amount repayable in one year or less, or on demand

As at 30/09/15	
Secured \$'000	Unsecured \$'000
33,213	20,943

As at 31/12/14	
Secured \$'000	Unsecured \$'000
29,831	23,191

Amount repayable after one year

As at 30/09/15	
Secured \$'000	Unsecured \$'000
1,226	535

As at 31/12/14	
Secured \$'000	Unsecured \$'000
1,923	414

Details of any collateral

Details of the borrowings of the Group and its securities as at 30 September 2015 are as follows:

	<u>Note</u>	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	27,165	1,104	28,269
Other short-term borrowings	(ii)	5,069	19,442	24,511
Finance lease	(iii)	426	-	426
Term Loans	(iv)	1,779	932	2,711
		<u>34,439</u>	<u>21,478</u>	<u>55,917</u>

(i) bank overdrafts of :-

- (a) \$26,863,000 is secured by mortgage over a properties, pledged on the trade receivables and inventories of all subsidiaries of the Company in The Netherlands; and
- (b) \$302,000 is secured by exclusive charge on the entire present and future current and fixed assets of a subsidiary in India.

(ii) other short-term borrowings are secured by pledged on the trade receivables of certain subsidiaries in China; and

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

(iv) term loans of :-

- (a) \$907,000 is secured by exclusive charge on the entire present and future current and fixed assets of a subsidiary in India; and
- (b) \$872,000 is secured by machineries of certain subsidiaries in China.

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

	Group		Group	
	3 months ended	30/09/14	9 months ended	30/09/14
	30/09/15	30/09/14	30/09/15	30/09/14
	\$ '000	\$ '000	\$ '000	\$ '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Total profit	3,884	2,197	8,578	10,575
Adjustments for:				
Income tax expense	1,277	1,434	4,352	4,242
Exchange differences	(146)	(146)	61	(502)
Employee share option expense	56	93	244	281
Depreciation of property, plant and equipment	4,397	4,913	14,078	14,571
Loss/(Gain) on disposal of property, plant and equipment, net	12	(1)	(275)	(59)
Property, plant and equipment written off	1	45	50	46
Interest income	(65)	(40)	(154)	(182)
Interest expense	383	369	1,171	1,220
Amortisation of deferred gain	(266)	(266)	(797)	(798)
Amortisation of intangible assets	226	478	1,035	1,415
Operating cash flow before working capital changes	9,759	9,076	28,343	30,809
Changes in operating assets and liabilities :				
Inventories	911	(4,738)	(5,196)	(15,975)
Receivables	9,802	3,894	1,608	(11,919)
Payables	(3,930)	1,468	(7,441)	9,123
Cash flows generated from operations	16,542	9,700	17,314	12,038
Tax paid	(426)	(1,020)	(2,424)	(3,333)
Interest paid	(386)	(369)	(1,159)	(1,220)
NET CASH GENERATED FROM OPERATING ACTIVITIES	15,730	8,311	13,731	7,485
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	65	40	154	182
Additions of intangible assets	(486)	(1,271)	(1,260)	(4,242)
Purchase of property, plant and equipment (Note 1)	(3,163)	(3,420)	(8,597)	(10,466)
Proceeds from disposal of property, plant and equipment	261	363	523	484
Acquisition of a subsidiary, net of cash acquired	-	-	-	(4,770)
NET CASH USED IN INVESTING ACTIVITIES	(3,323)	(4,288)	(9,180)	(18,812)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from re-issuance of treasury shares	-	17	-	1,034
Proceeds from issuance of share capital	-	-	32	-
Repayment of finance lease liabilities	(91)	(113)	(301)	(2,913)
Repayment of short term bank borrowings	(56,042)	(23,585)	(82,074)	(61,774)
Repayment of term loans	(222)	(334)	(1,329)	(1,115)
Proceeds from short term bank borrowings	51,262	22,137	79,723	62,518
Proceeds from term loans	584	-	616	1,676
Dividend paid to shareholders	-	-	(4,047)	(5,654)
Withdrawal/(Placement) of deposits pledged as securities	(206)	(1)	(220)	(2)
NET CASH USED IN FINANCING ACTIVITIES	(4,715)	(1,879)	(7,600)	(6,230)
Net increase/(decrease) in cash and cash equivalents	7,692	2,144	(3,049)	(17,557)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	(14,054)	(20,139)	(4,929)	(761)
Effect of exchange rate changes on cash and cash equivalents	(1,815)	774	(199)	1,097
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(8,177)	(17,221)	(8,177)	(17,221)

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	
	30/09/15	30/09/14	30/09/15	30/09/14
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents at end of the financial period comprise:				
Short term fund placed with a Malaysian financial institution	3,127	4,339	3,127	4,339
Deposits with licensed banks	444	127	444	127
Cash and bank balances	16,906	9,812	16,906	9,812
Bank overdrafts	(28,269)	(31,386)	(28,269)	(31,386)
	(7,792)	(17,108)	(7,792)	(17,108)
Less: Deposits pledged as securities	(385)	(113)	(385)	(113)
	(8,177)	(17,221)	(8,177)	(17,221)

Note 1 :

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$9,584,000 (30.09.2014: \$12,619,000) of which \$Nil (30.06.2014: \$29,000) was acquired by means of finance lease arrangement and \$987,000 (30.09.2014: \$2,124,000) was included in other payables at balance sheet date. Cash payments of \$8,597,000 (30.09.2014: \$10,466,000) were made to purchase these property, plant and equipment.

1(d) Consolidated statement of comprehensive income

	3 months ended		6 months ended	
	30/09/15	30/09/14	30/09/15	30/09/14
	\$'000	\$'000	\$ '000	\$ '000
<u>Statement of Comprehensive Income</u>				
Total profit	3,884	2,197	8,578	10,575
<i>Item that may be reclassified subsequently to income statement :</i>				
- Currency translation differences arising from consolidation	(2,946)	(186)	(7,149)	(1,635)
Total comprehensive income for the period	938	2,011	1,429	8,940
Attributable to:				
Equity holders of the Company	800	2,070	1,146	8,983
Non-controlling interests	138	(59)	283	(43)
Total comprehensive income for the period	938	2,011	1,429	8,940

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 2015 and 30 September 2014

	Attributable to equity holders of the Company										
	Share Capital \$ '000	Treasury Shares \$ '000	Foreign Currency Translation Reserve \$ '000	Merger Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Retained Profits \$ '000	Total \$ '000	Non-Controlling Interests \$ '000	Total Equity \$ '000
The Group											
At 1 July 2015	99,659	-	(21,444)	2,345	(15)	1,454	1,769	119,667	203,435	1,684	205,119
Profit for the quarter	-	-	-	-	-	-	-	3,787	3,787	97	3,884
Other comprehensive income/(loss): Currency translation differences arising from consolidation	-	-	(2,987)	-	-	-	-	-	(2,987)	41	(2,946)
Total comprehensive income/(loss) for the quarter	-	-	(2,987)	-	-	-	-	3,787	800	138	938
Transfer to statutory reserve fund	-	-	-	-	-	36	-	(36)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	56	-	56	-	56
Transfer arising from forfeited share options	-	-	-	-	-	-	(38)	38	-	-	-
At 30 September 2015	99,659	-	(24,431)	2,345	(15)	1,490	1,787	123,456	204,291	1,822	206,113
At 1 July 2014	99,538	(24)	(13,104)	2,345	(59)	996	1,473	116,581	207,746	1,799	209,545
Profit for the quarter	-	-	-	-	-	-	-	2,239	2,239	(42)	2,197
Other comprehensive income/(loss): Currency translation differences arising from consolidation	-	-	(169)	-	-	-	-	-	(169)	(17)	(186)
Total comprehensive income/(loss) for the quarter	-	-	(169)	-	-	-	-	2,239	2,070	(59)	2,011
Transfer to/(from) statutory reserve fund	-	-	-	-	-	57	-	(57)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	93	-	93	-	93
- Treasury shares re-issued	-	24	-	-	(1)	-	(6)	-	17	-	17
At 30 September 2014	99,538	-	(13,273)	2,345	(60)	1,053	1,560	118,763	209,926	1,740	211,666
Attributable to equity holders of the Company											
	Share Capital \$ '000	Treasury Shares \$ '000	Foreign Currency Translation Reserve \$ '000	Merger Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Retained Profits \$ '000	Total \$ '000		
The Company											
At 1 July 2015	99,659	-	-	-	(15)	-	1,769	41,847	143,260		
Total comprehensive income for the quarter	-	-	-	-	-	-	-	(21)	(21)		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	56	-	56		
Reversal arising from forfeited share options	-	-	-	-	-	-	(38)	-	(38)		
At 30 September 2015	99,659	-	-	-	(15)	-	1,787	41,826	143,257		
At 1 July 2014	99,538	(24)	-	-	(59)	-	1,473	41,384	142,312		
Total comprehensive expense for the quarter	-	-	-	-	-	-	-	(8)	(8)		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	93	-	93		
- Treasury shares re-issued	-	24	-	-	(1)	-	(6)	-	17		
At 30 September 2014	99,538	-	-	-	(60)	-	1,560	41,376	142,414		

(b) Statement of changes in equity for the nine months ended 30 September 2015 and 30 September 2014

	Attributable to equity holders of the Company									Non-Controlling Interests \$ '000	Total Equity \$ '000
	Share Capital \$ '000	Treasury Shares \$ '000	Foreign Currency Translation Reserve \$ '000	Merger Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Retained Profits \$ '000	Total \$ '000		
The Group											
At 1 January 2015	99,627	-	(17,226)	2,345	(27)	1,042	1,621	119,534	206,916	1,539	208,455
Profit for the period	-	-	-	-	-	-	-	8,351	8,351	227	8,578
Other comprehensive income/(loss): Currency translation differences arising from consolidation	-	-	(7,205)	-	-	-	-	-	(7,205)	56	(7,149)
Total comprehensive income for the period	-	-	(7,205)	-	-	-	-	8,351	1,146	283	1,429
Transfer to statutory reserve fund	-	-	-	-	-	448	-	(448)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	244	-	244	-	244
- Issued of share capital	32				12		(12)		32		32
Transfer arising from forfeited share options	-	-	-	-	-	-	(66)	66	-	-	-
Dividend Paid	-	-	-	-	-	-	-	(4,047)	(4,047)	-	(4,047)
At 30 September 2015	99,659	-	(24,431)	2,345	(15)	1,490	1,787	123,456	204,291	1,822	206,113
	-	-	-	-	-	-	-	-	-	-	-
At 1 January 2014	99,538	(1,411)	(11,658)	2,345	(150)	654	1,773	114,191	205,282	1,783	207,065
Profit for the period	-	-	-	-	-	-	-	10,598	10,598	(23)	10,575
Other comprehensive income/(loss): Currency translation differences arising from consolidation	-	-	(1,615)	-	-	-	-	-	(1,615)	(20)	(1,635)
Total comprehensive income/(loss) for the period	-	-	(1,615)	-	-	-	-	10,598	8,983	(43)	8,940
Transfer to/(from) statutory reserve fund	-	-	-	-	-	399	-	(399)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	281	-	281	-	281
- Treasury shares re-issued	-	1,411	-	-	90	-	(467)	-	1,034	-	1,034
Transfer arising from forfeited share options	-	-	-	-	-	-	(27)	27	-	-	-
Dividend Paid	-	-	-	-	-	-	-	(5,654)	(5,654)	-	(5,654)
At 30 September 2014	99,538	-	(13,273)	2,345	(60)	1,053	1,560	118,763	209,926	1,740	211,666
	Attributable to equity holders of the Company										
	Share Capital \$ '000	Treasury Shares \$ '000	Foreign Currency Translation Reserve \$ '000	Merger Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Retained Profits \$ '000	Total \$ '000		
The Company											
At 1 January 2015	99,627	-	-	-	(27)	-	1,621	45,117	146,338		
Total comprehensive expense for the quarter	-	-	-	-	-	-	-	756	756		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	244	-	244		
- Issued of share capital	32				12		(12)		32		
Reversal arising from forfeited share options	-	-	-	-	-	-	(66)	-	(66)		
Dividend paid	-	-	-	-	-	-	-	(4,047)	(4,047)		
At 30 September 2015	99,659	-	-	-	(15)	-	1,787	41,826	143,257		
At 1 January 2014	99,538	(1,411)	-	-	(150)	-	1,773	47,046	146,796		
Total comprehensive expense for the quarter	-	-	-	-	-	-	-	(16)	(16)		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	281	-	281		
- Treasury shares re-issued	-	1,411	-	-	90	-	(467)	-	1,034		
Reversal arising from forfeited share options	-	-	-	-	-	-	(27)	-	(27)		
Dividend paid	-	-	-	-	-	-	-	(5,654)	(5,654)		
At 30 September 2014	99,538	-	-	-	(60)	-	1,560	41,376	142,414		

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 2015.

	Total number of issued shares as at	
	30/09/15	30/09/14
Number of issued shares	404,662,409	403,918,409
Number of treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>404,662,409</u>	<u>403,918,409</u>

Share options

The movement of share options of the Company during the period from 1 July 2015 to 30 September 2015 is as follows:

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 1.7.2015	Granted during the period	Forfeited during the period	Exercised during the period	As at 30.9.2015		
1.12.2008 (2008 Option)	2,746,000	0	0	0	2,746,000	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	3,884,000	0	(20,000)	0	3,864,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	5,615,000	0	(290,000)	0	5,325,000	\$0.224	1.12.2012 - 30.11.2020
7.10.2013 (2013 Option)	6,000,000	0	(300,000)	0	5,700,000	\$0.208	7.10.2015 - 6.10.2023
	<u>18,245,000</u>	<u>0</u>	<u>(610,000)</u>	<u>0</u>	<u>17,635,000</u>		

	Total number of shares as at	
	30/09/15	30/09/14
Total number of shares that may be issued on exercise of share options outstanding	<u>17,635,000</u>	<u>19,209,000</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	
	30/09/15	31/12/14
Total number of issued shares excluding treasury shares	<u>404,662,409</u>	<u>404,472,409</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.

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recent audited financial statements as well as all the applicable new/revised Financial Reporting Standards (FRS) and FRS interpretations which became effective for the financial years beginning on or after 1 January 2015.

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

The adoption of the new/revised FRS and FRS interpretations did not result in any substantial change to the Group's accounting policies nor any material impact on the Group's financial results.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group 3 months ended		Group 9 months ended	
	30/09/15	30/09/14	30/09/15	30/09/14
Earnings per ordinary share of the Group based on net profit attributable to the shareholders of the Company:				
(i) Based on weighted average number of shares (in cents)	0.94	0.55	2.06	2.64
- Weighted average number of shares (in thousand)	404,662	403,853	404,609	402,053
(ii) On a fully diluted basis (in cents)	0.93	0.54	2.06	2.59
- Adjusted weighted average number of shares (in thousand)	405,826	411,140	406,160	409,156

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	
	30/09/15	31/12/14	30/09/15	31/12/14
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	50.48	51.16	35.40	36.18

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 30.09.2015 of 404,662,409 (31.12.2014 : 404,472,409).

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
FY2015 (S\$ m)	111,681	116,924	107,667	336,272	-	-
FY2014 (S\$ m)	110,904	125,713	120,900	357,517	115,220	472,737
yoy (%)	0.7	-7.0	-10.9	-5.9	-	-

Business conditions in the Group's key customer industries remained challenging during the 3 months ended 30 September 2015 (3Q15) due to soft global economic conditions. In 3Q15, the Group posted revenue of S\$107.7 million which was a decline of 10.9% year-on-year (yoy) from 3Q14, and 7.9% lower quarter-on-quarter (qoq) compared to 2Q15. This was attributable primarily to decreased sales at the Mechatronics Division.

For the 9 months ended 30 September 2015 (9M15), Group revenue decreased 5.9% yoy to S\$336.3 million due to lower sales at both the Mechatronics and IMS Divisions.

Approximately 36.5% of the Group's sales in 9M15 were translated from Euro to Singapore Dollar. The Euro depreciated 11.2% against the Singapore Dollar in 9M15 as compared to 9M14. At constant currency exchange rates based on the applicable rate for 9M14, the Group's revenue for 9M15 would have been S\$351.8 million compared with S\$357.5 million in 9M14.

Revenue breakdown by Business Segment

Sales	3Q15	3Q14	yoy	2Q15	qoq	9M15	9M14	yoy
	S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
MECHATRONICS DIVISION								
Semiconductor	14,791	18,075	(18.2)	18,328	(19.3)	51,397	54,298	(5.3)
Medical	16,688	20,269	(17.7)	13,808	20.9	46,261	51,231	(9.7)
Analytical	20,802	24,986	(16.7)	21,329	(2.5)	62,744	69,511	(9.7)
Industrial Automation	9,772	7,255	34.7	17,958	(45.6)	38,879	25,689	51.3
Others	5,020	7,416	(32.3)	4,976	0.9	13,962	22,728	(38.6)
Mechatronics Total	67,073	78,001	(14.0)	76,399	(12.2)	213,243	223,457	(4.6)
IMS DIVISION								
Automotive	29,695	27,930	6.3	29,399	1.0	88,828	87,072	2.0
Office Automation	1,130	5,600	(79.8)	2,448	(53.8)	7,061	18,330	(61.5)
Consumer & Industrial Electronics	5,853	5,840	0.2	5,822	0.5	17,123	17,371	(1.4)
Others	418	647	(35.4)	434	(3.7)	1,120	1,823	(38.6)
Tooling	3,495	2,877	21.5	2,417	44.6	8,884	9,450	(6.0)
IMS Total	40,591	42,894	(5.4)	40,520	0.2	123,016	134,046	(8.2)

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

At the Mechatronics Division, the industrial automation segment recorded a 34.7% increase in sales in 3Q15 due to higher sales of hard-disk drive production equipment. However, sales of this segment, which are typically lumpy in nature, declined 45.6% qoq from 2Q15. On the other hand, sales of the medical segment in 3Q15 decreased 17.7% yoy but improved by 20.9% qoq. Other segments in the Mechatronics Division generally reported lower sales in 3Q15 due to slower orders from customers owing to weaker economic conditions in Europe and China, as well as the unfavourable impact of the Euro's depreciation vis-a-vis the Singapore dollar.

At the IMS Division, sales of the automotive segment in 3Q15 increased 6.3% yoy attributed mainly to higher product shipments from the Penang plant. The office automation segment recorded substantially lower revenue in 3Q15 as the Group has ceased sales of mail facilitating products at the end of June 2015.

Gross Profit Margin

Despite lower revenue, the Group's gross profit (GP) in 3Q15 was stable at S\$17.1 million compared to 3Q14. Group GP margin increased to 15.9% from 14.1% in 3Q14, due primarily to an improvement in GP margin of the IMS Division.

For 9M15, the Group's GP declined 7.3% yoy to S\$50.4 million. GP margin was stable at 15.0% compared to 15.2% in 9M14.

Other Income

Other income in 3Q15 increased substantially to S\$2.6 million from S\$0.3 million in 3Q14 due to higher foreign exchange gains.

Operating Expenses

Selling and distribution expenses in 3Q15 decreased 22.3% yoy to S\$2.5 million, attributable to lower headcount and reductions in sales commissions, freight costs and marketing/promotion expenses. Administrative and general expenses were unchanged at S\$10.0 million compared to 3Q14.

Other operating expenses increased to S\$ 0.4 million in 3Q15 from S\$0.2 million in 3Q14 due mainly to higher unrealised foreign exchange losses.

Finance Costs

Finance costs in 3Q15 were relatively stable at S\$0.4 million.

Group Profit before Income Tax and Exceptional Items

The Group recorded a 78.2% yoy increase in profit before income tax and exceptional items to S\$6.5 million in 3Q15, attributable mainly to higher contribution from the IMS Division. The improved performance of the IMS Division was principally attributable to operational improvements at its Penang plant, higher earnings contribution from other subsidiaries in Asia and positive impact of the weak Ringgit against Euro.

Exceptional Items

The Group had exceptional items amounting to S\$1.3 million in 3Q15 in relation to the non-renewal of an agency contract by its subsidiary in Penang with SNECI SAS. These comprised indemnity compensation and post contractual remuneration totaling S\$2.3 million and a reversal of accrued sales commission of S\$1.0 million (Please refer to note 2 part 1 of the income statement). No exceptional items were recognised in 3Q14.

Group Net Profit Attributable to Equity Holders of the Company

	1Q	2Q	3Q	9M	4Q	Full Year
FY2015 (S\$ m)	439	4,125	3,787	8,351	-	-
FY2014 (S\$ m)	3,802	4,557	2,239	10,598	760	11,358
yoy (%)	-88.5	-9.5	69.1	-21.2		

After accounting for income tax of S\$1.3 million and non-controlling interest of S\$0.1 million, the Group's net profit attributable to equity holders increased 69.1% yoy to S\$3.8 million in 3Q15. Excluding the exceptional items of S\$1.3 million, the Group's net profit attributable to equity holders would have increased 127.7% to S\$5.1 million in 3Q15 from S\$2.2 million in 3Q14.

For 9M15, the Group's net profit attributable to equity holders decreased 21.2% yoy to S\$8.4 million due mainly to lower profit recorded in the first half of FY2015. Excluding exceptional items, Group net profit attributable to shareholders in 9M15 would have been S\$9.7 million, a decline of 8.8% from 9M14, instead of 21.2%.

Balance Sheet

As at 30 September 2015, the Group had shareholders' equity of S\$204.3 million, equivalent to net asset value of 50.48 cents per share based on the total number of issued shares of 404.7 million shares.

Total assets as at 30 September 2015 decreased to S\$341.7 million from S\$352.3 million at the end of December 2014, due mainly to decreases in property, plant and equipment and trade receivables, offset partially by higher inventory and cash.

As at 30 September 2015, cash and cash equivalents increased to S\$20.5 million from S\$18.8 million as at 31 December 2014. Inventories increased to S\$97.7 million from S\$95.7 million at the end of FY2014 for fulfillment of customers' orders.

Trade receivables decreased to S\$84.9 million from S\$87.2 million as at 31 December 2014, due mainly to lower sales in 3Q15 as compared to the last quarter of 2014. Trade payables also declined to S\$41.3 million from S\$49.1 million as at 31 December 2014, attributed to settlement of outstanding amounts and lower purchases of materials during 3Q15.

As at 30 September 2015, the Group had net bank borrowings of S\$35.4 million, lower than S\$36.6 million at the end of FY2014. As a result, the Group's net debt-to-equity ratio decreased to 17.3% from 17.7% as at 31 December 2014.

Cash Flow Analysis

The Group generated net cash from operating activities of S\$13.7 million in 9M15. Net cash used in investing activities amounted to S\$9.2 million in 9M15, attributable mainly to capital expenditure.. The Group used net cash of S\$7.6 million for financing activities in 9M15, due mainly to dividends paid to shareholders in respect of FY2014 and a net repayment of borrowings and loans.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of S\$3.1 million in 9M15. When added to its opening cash and cash equivalents of minus S\$4.9 million at the beginning of FY2015 and after accounting for the negative effect of foreign currency movements of S\$0.2 million on its opening cash and cash equivalents, the Group had an ending cash balance of minus S\$8.2 million as at 30 September 2015.

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 3Q15 are in line with the guidance provided in its financial statements posted on the SGX website on 6 August 2015.

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

The business environment is expected to be uncertain and challenging due to weakness in the global economy. As such, demand from end-users in markets served by the Group is envisaged to remain cautious amid an uncertain economic outlook.

The Group is susceptible to other factors that could adversely affect its financial performance, such as pressure on selling prices of its products, rising operating costs, unfavourable movements in currency exchange rates and increases in interest rates.

The Group is therefore implementing strategies and measures to rationalise its cost structure, improve cost control, enhance product quality and operational efficiency of its two business divisions.

Mechatronics Division

Based on current indicators, the semiconductor segment is expected to register softer sales in 4Q15 compared to 4Q14 due mainly to weak demand for back-end semiconductor equipment. The medical and analytical segments are also anticipated to show lower yoy sales in 4Q15. Sales of the industrial automation segment in 4Q15 are expected to be marginally lower compared to a year ago but improve qoq from 3Q15.

IMS Division

Based on current indicators, sales of the automotive segment are expected to show a yoy increase in 4Q15. The consumer & industrial electronics segment is also expected to record an improved sales performance in 4Q15 as compared to 4Q14. A substantial sales decline is anticipated for the office automation segment in 4Q15 as the IMS Division has ceased sales of mail facilitating products at the end of June 2015.

While the IMS Division's Penang plant has made progress in improving its operational efficiency, the plant's operations remain an area of priority for the Group. The Group is continuing to work on resolving the operational issues, and improving the quality and efficiency of its plant operations in Penang.

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	
	30/9/15	30/9/14
Not applicable	-	-

BY ORDER OF THE BOARD

Sim Mong Huat
Executive Director
5-Nov-15

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

We, Sim Mong Huat and Hendrik Gezinus Tappel, being two directors of Frencken Group Limited ("the Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the third quarter 2015 financial results to be false or misleading.

On behalf of the Board of Directors

(Signed)

Sim Mong Huat
Executive Director

(Signed)

Hendrik Gezinus Tappel
Executive Director

Singapore, 5 November 2015