



FRENCKEN GROUP LIMITED

(Registration No. 199905084D)

Unaudited Full Year 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			12 months ended		
	31/12/18 \$'000	31/12/17 \$'000 (restated) ⁽¹⁾	% Change	31/12/18 \$'000	31/12/17 \$'000 (restated) ⁽¹⁾	% Change
Revenue	175,702	125,469	40.0%	625,791	515,086	21.5%
Cost of sales	(146,409)	(107,113)	36.7%	(524,058)	(431,226)	21.5%
Gross profit	29,293	18,356	59.6%	101,733	83,860	21.3%
Other income (Note 1)	1,042	2,351	-55.7%	4,643	6,346	-26.8%
Selling and distribution expenses	(2,850)	(2,637)	8.1%	(11,923)	(10,855)	9.8%
Administrative and general expenses	(12,287)	(10,952)	12.2%	(47,408)	(46,914)	1.1%
Other operating expenses (Note 1)	(595)	(462)	28.8%	(1,977)	(2,144)	-7.8%
Interest income	263	503	-47.7%	1,544	1,293	19.4%
Finance costs	(641)	(568)	12.9%	(2,541)	(1,631)	55.8%
Exceptional items (Note 2)	140	-	N.M.	(3,907)	10,459	N.M.
Profit before income tax	14,365	6,591	117.9%	40,164	40,414	-0.6%
Income tax expense	(3,241)	(983)	229.7%	(9,815)	(6,595)	48.8%
Profit for the year	11,124	5,608	98.4%	30,349	33,819	-10.3%
Profit attributable to:						
Equity holders of the Company	11,016	5,512	99.9%	30,030	33,437	-10.2%
Non-controlling interests	108	96	12.5%	319	382	-16.5%
	11,124	5,608	98.4%	30,349	33,819	-10.3%

Note 1 - Other income/(Other operating expenses)

Other Income	1,042	2,351	-55.7%	4,643	6,346	-26.8%
Other Operating Expenses	(595)	(462)	28.8%	(1,977)	(2,144)	-7.8%
	447	1,889	-76.3%	2,666	4,202	-36.6%
Included in Other income/(Other operating expenses):						
(Loss)/Gain on disposal of property, plant and equipment, net	(48)	(23)	108.7%	(234)	(2)	11600.0%
Property, plant and equipment written off	(28)	(8)	250.0%	(30)	(132)	-77.3%
Investment property written off	-	-	N.M.	-	(8)	N.M.
Government grants	800	765	4.6%	2,359	2,194	7.5%
Foreign exchange (loss)/gain, net	(458)	(23)	1891.3%	(485)	(789)	-38.5%
Amortisation of deferred gain	-	-	N.M.	-	797	N.M.
Scrap sales	180	186	-3.2%	705	642	9.8%
Write back for doubtful debts	-	777	N.M.	-	777	N.M.
Other income	64	271	-76.4%	431	795	-45.8%
Other expenses	(63)	(56)	12.5%	(80)	(72)	11.1%
	447	1,889	-76.3%	2,666	4,202	-36.6%

Note 2 - Exceptional items comprise:-

	Note	31/12/18	31/12/17	%	31/12/18	31/12/17	%
Net gain on disposal of subsidiaries	(i)	140	-	N.M.	140	10,459	-98.7%
Impairment loss of goodwill in a subsidiary	(ii)	-	-	N.M.	(2,109)	-	N.M.
Impairment loss of deferred development costs	(ii)	-	-	N.M.	(1,425)	-	N.M.
Impairment loss of property, plant and equipment	(ii)	-	-	N.M.	(513)	-	N.M.
		140	-	N.M.	(3,907)	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..

⁽¹⁾ The financial figures are retrospectively restated for the effects on the adoption of SFRS(I). Please refer to paragraph 4 for details of the impact.

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			12 months ended		
	31/12/18	31/12/17	%	31/12/18	31/12/17	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
		(restated) ⁽¹⁾			(restated) ⁽¹⁾	
Profit for the period/year is arrived at after charging/(crediting) :-						
Investment income	-	-	N.M.	-	-	N.M.
Other income including interest income	(1,305)	(2,854)	-54%	(6,187)	(7,639)	-19%
Amortisation of deferred gain	-	-	N.M.	-	(797)	N.M.
Interest on borrowings	641	568	13%	2,541	1,631	56%
Depreciation of property, plant and equipment	3,724	3,570	4%	15,150	14,505	4%
Depreciation of investment property	17	18	-6%	70	40	75%
Amortisation of intangible assets	196	307	-36%	1,158	1,263	-8%
(Write back)/Allowance for doubtful debts and bad debts written off	63	(931)	N.M.	367	(925)	N.M.
(Write back)/Allowance for inventory obsolescence	1,279	184	595%	2,908	1,168	149%
Foreign exchange loss/(gain), net	458	23	1891%	485	789	-39%
Adjustments for under/(over) provision of tax in respect of prior years	(145)	82	N.M.	(375)	(611)	-39%
Loss/(Gain) on disposal of property, plant and equipment, net	48	23	109%	234	2	11600%
Property, plant and equipment written off	28	8	250%	30	132	-77%
Investment property written off	-	-	N.M.	-	8	N.M.
Impairment loss of club membership	-	125	N.M.	-	125	N.M.
(Write back of impairment loss)/Impairment loss of property, plant and equipment	-	-	N.M.	-	(16)	N.M.
Exceptional items:-						
Net gain on disposal of subsidiaries	(140)	-	N.M.	(140)	(10,459)	-99%
Impairment loss of goodwill in a subsidiary	-	-	N.M.	2,109	-	N.M.
Impairment loss of deferred development costs	-	-	N.M.	1,425	-	N.M.
Impairment loss of property, plant and equipment	-	-	N.M.	513	-	N.M.

⁽¹⁾ The financial figures are retrospectively restated for the effects on the adoption of SFRS(I). Please refer to paragraph 4 for details of the impact.

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		
	31/12/18	31/12/17	01/01/17	31/12/18	31/12/17	01/01/17
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		(restated) ⁽¹⁾	(restated) ⁽¹⁾		(restated) ⁽¹⁾	(restated) ⁽¹⁾
NON-CURRENT ASSETS						
Property, plant and equipment	97,353	93,904	100,022	-	-	-
Investment property	1,704	1,795	-	-	-	-
Subsidiaries	-	-	-	127,666	127,234	127,347
Financial asset at fair value through other comprehensive income	3,235	3,805	4,132	3,235	3,805	4,132
Intangible assets	19,684	24,961	25,184	-	-	-
Deferred income tax assets	1,445	1,562	2,214	-	-	-
Other receivables, deposits and prepayments	840	-	1,661	-	-	-
Total non-current assets	124,261	126,027	133,213	130,901	131,039	131,479
CURRENT ASSETS						
Inventories	144,619	112,154	109,274	-	-	-
Trade receivables	115,870	100,314	90,668	-	-	-
Receivable from subsidiaries	-	-	-	6,766	5,767	282
Dividends receivable from subsidiaries	-	-	-	11,282	8,209	4,210
Other receivables, deposits and prepayments	10,897	12,549	10,631	39	34	13
Receivable from an associated company	-	-	108	-	-	-
Tax recoverable	1,009	958	619	-	-	-
Cash and cash equivalents	67,084	68,153	18,482	4,667	5,632	5,044
Total current assets	339,479	294,128	229,782	22,754	19,642	9,549
Total assets	463,740	420,155	362,995	153,655	150,681	141,028
CURRENT LIABILITIES						
Trade payables	79,198	61,896	51,523	-	-	-
Payable to a subsidiary	-	-	-	572	286	-
Other payables, accruals and provisions	38,267	37,478	30,385	706	598	377
Deferred gain	-	-	797	-	-	-
Borrowings	67,496	61,739	57,420	4,758	3,319	-
Income tax payable	4,577	2,380	2,059	9	8	3
Total current liabilities	189,538	163,493	142,184	6,045	4,211	380
NON-CURRENT LIABILITIES						
Borrowings	1,210	1,868	1,322	-	-	-
Retirement benefit obligations	1,624	1,519	1,474	-	-	-
Deferred income tax liabilities	3,849	3,733	3,343	-	-	-
Total non-current liabilities	6,683	7,120	6,139	-	-	-
Total liabilities	196,221	170,613	148,323	6,045	4,211	380
NET ASSETS	267,519	249,542	214,672	147,610	146,470	140,648
EQUITY						
Capital and reserves attributable to the Company's equity holders						
Share capital	102,892	101,943	100,031	102,892	101,943	100,031
Foreign currency translation reserve	1,184	4,293	-	-	-	-
Merger reserve	2,345	2,345	2,345	-	-	-
Capital reserve	1,682	1,193	167	1,682	1,193	167
Statutory reserve fund	3,483	3,032	2,284	-	-	-
Share option reserve	831	888	1,723	831	888	1,723
Fair value reserve	(3,165)	(2,595)	(2,268)	(3,165)	(2,595)	(2,268)
Other reserve	(967)	(983)	(994)	-	-	-
Retained profits	156,607	137,083	109,364	45,370	45,041	40,995
	264,892	247,199	212,652	147,610	146,470	140,648
Non-controlling interests	2,627	2,343	2,020	-	-	-
TOTAL EQUITY	267,519	249,542	214,672	147,610	146,470	140,648

⁽¹⁾ The financial figures are retrospectively restated for the effects on the adoption of SFRS(I). Please refer to paragraph 4 for details of the impact.

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

Amount repayable in one year or less, or on demand

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

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

Amount repayable after one year

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

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 31 December 2018 are as follows:

	<u>Note</u>	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	20,781	1,123	21,904
Other short-term borrowings	(ii)	7,533	36,471	44,004
Term Loans	(iii)	1,309	1,489	2,798
		<u>29,623</u>	<u>39,083</u>	<u>68,706</u>

(i) bank overdrafts of :-

(a) \$19,999,000 is secured by mortgage over properties, pledged on the trade receivables and inventories of all subsidiaries of the Company in The Netherlands; and

(b) \$782,000 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 31/12/18 \$'000	31/12/17 \$'000 (restated) ⁽¹⁾	12 months ended 31/12/18 \$'000	31/12/17 \$'000 (restated) ⁽¹⁾
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit after tax	11,124	5,608	30,349	33,819
Adjustments for:				
Income tax expense	3,241	983	9,815	6,595
Exchange differences	(554)	1,439	(419)	984
Employee share option expense	98	72	432	191
Depreciation of property, plant and equipment	3,724	3,570	15,150	14,505
Depreciation of investment property	17	18	70	40
Loss on disposal of club membership	2	14	36	14
Loss/(Gain) on disposal of property, plant and equipment, net	48	23	234	2
Property, plant and equipment written off	28	8	30	132
Written back of impairment loss of property, plant and equipment	-	-	-	(16)
Investment property written off	-	-	-	8
Interest income	(263)	(503)	(1,544)	(1,293)
Interest expense	641	568	2,541	1,631
Amortisation of deferred gain	-	-	-	(797)
Amortisation of intangible assets	196	307	1,158	1,263
Impairment loss of goodwill in a subsidiary	-	-	2,109	-
Impairment loss of deferred development costs	-	-	1,425	-
Impairment loss of club membership	-	125	-	125
Impairment loss of property, plant and equipment	-	-	513	-
Net gain on disposal of subsidiaries (Note 2)	(140)	-	(140)	(10,459)
Operating cash flow before working capital changes	18,162	12,232	61,759	46,744
Changes in operating assets and liabilities :				
Inventories	(99)	(2,487)	(34,121)	(11,681)
Receivables	(7,277)	(9,808)	(16,595)	(19,447)
Payables	10,185	11,895	23,951	26,504
Associated company	-	(113)	-	2
Cash flows generated from operations	20,971	11,719	34,994	42,122
Tax paid	(2,903)	(2,847)	(7,391)	(5,622)
Interest paid	(641)	(568)	(2,541)	(1,631)
NET CASH GENERATED FROM OPERATING ACTIVITIES	17,427	8,304	25,062	34,869
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	263	503	1,544	1,293
Additions of intangible assets	(31)	(234)	(31)	(889)
Purchase of property, plant and equipment (Note 1)	(7,715)	(9,176)	(24,299)	(25,240)
Purchase of investment property	-	(1)	-	(206)
Proceeds from intangible assets	6	298	584	298
Proceeds from disposal of property, plant and equipment	38	89	552	364
Proceeds from disposal of Investment property	17	-	17	-
Disposal of subsidiaries, net of cash disposed of (Note 2)	(365)	-	(365)	38,583
Loan to a third party	(1,200)	-	(1,200)	-
Repayment of loan from a third party	30	-	30	-
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(8,957)	(8,521)	(23,168)	14,203
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital	119	170	949	1,912
Repayment of finance lease liabilities	-	(1)	-	(158)
Repayment of short term bank borrowings	(32,530)	(22,567)	(140,038)	(118,848)
Repayment of term loans	3	(144)	(615)	(620)
Proceeds from short term bank borrowings	24,756	32,608	146,590	128,063
Proceeds from term loans	(13)	444	1,394	1,388
Dividend paid to shareholders	-	-	(10,055)	(4,970)
Withdrawal of fixed deposits pledged as securities	(1)	-	(1)	-
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(7,666)	10,510	(1,776)	6,767
Net increase in cash and cash equivalents	804	10,293	118	55,839
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	44,604	33,979	44,604	(9,966)
Effect of exchange rate changes on cash and cash equivalents	(348)	332	338	(1,269)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	45,060	44,604	45,060	44,604

⁽¹⁾ The financial figures are retrospectively restated for the effects on the adoption of SFRS(I). Please refer to paragraph 4 for details of the impact.

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 12 months ended	
	31/12/18 \$'000	31/12/17 \$'000	31/12/18 \$'000	31/12/17 \$'000
Cash and cash equivalents at end of the financial period/year comprise:				
Short term funds placed with Malaysian financial institutions	44,519	44,583	44,519	44,583
Deposits with licensed banks	3,620	4,120	3,620	4,120
Cash and bank balances	18,945	19,450	18,945	19,450
Bank overdrafts	(21,904)	(23,430)	(21,904)	(23,430)
	45,180	44,723	45,180	44,723
Less: Deposits pledged as securities	(120)	(119)	(120)	(119)
	45,060	44,604	45,060	44,604

Note 1 :

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$21,441,000 (31.12.2017: \$24,772,000) of which \$1,595,000 (31.12.2017: \$4,453,000) was included in other payables at balance sheet date. Cash payments of \$24,299,000 (31.12.2017: \$25,240,000) includes an amount of \$4,453,000 (31.12.2017: \$4,921,000) for payment from other payables to purchase property, plant and equipment incurred in previous financial year.

Note 2 : Disposal of subsidiaries

2018

The Group's wholly-owned subsidiary Juken Technology Limited ("Juken") has on 1 October 2018 entered into a Sale and Purchase Agreement with Mr Lee Boon Cheng for the disposal of 51% equity interest in Supertool Industries Pte Ltd ("Supertool") for a cash consideration of SGD75,000.

Details of the disposal are as follows:

	<u>Supertool</u> \$'000
Carrying amounts of net assets over which control was lost	
<u>Non-current asset</u>	
Property, plant and equipment	462
Goodwill	6
	<u>468</u>
<u>Current assets</u>	
Inventories	8
Trade and other receivables	1,957
Cash and cash equivalents	440
	<u>2,405</u>
<u>Current liabilities</u>	
Trade and other payables	(1,714)
Payable to immediate holding company	(1,291)
	<u>(3,005)</u>
Net liabilities derecognised	<u>(132)</u>
Consideration received:	
Cash	75
Less: Transaction costs related to disposal of subsidiaries	-
Total consideration received	<u>75</u>
Gain on disposal	
Consideration received	75
Net liabilities derecognised	132
Non-controlling interest derecognised	(67)
Gain on disposal	<u>140</u>
Net cash outflow arising on disposal	
Cash consideration received	75
Cash and cash equivalents disposed of	(440)
	<u>(365)</u>

2017

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

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

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

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

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

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

Details of the disposals were as follows:

	<u>PESB</u> \$'000	<u>American</u> <u>Entities</u> \$'000	<u>Total</u> \$'000
Carrying amounts of net assets over which control was lost			
<u>Non-current asset</u>			
Property, plant and equipment	15,268	381	15,649
Deferred development costs	-	132	132
	<u>15,268</u>	<u>513</u>	<u>15,781</u>
<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
	<u>24,089</u>	<u>1,474</u>	<u>25,563</u>
<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>
Consideration received:			
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>
Gain/(Loss) on disposal			
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>
Net cash outflow arising on disposal			
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		12 months ended	
	31/12/18	31/12/17	31/12/18	31/12/17
	\$'000	\$'000	\$'000	\$'000
		(restated) ⁽¹⁾		(restated) ⁽¹⁾
<u>Statement of Comprehensive Income</u>				
Profit for the period/year	11,124	5,608	30,349	33,819
<i>Item that will not be reclassified subsequently to income statement :</i>				
- Remeasurement of defined benefit obligation	34	(3)	34	(3)
- Net fair value loss on financial asset designated as at fair value through other comprehensive income	(570)	(327)	(570)	(327)
<i>Item that may be reclassified subsequently to income statement :</i>				
- Currency translation differences arising from consolidation	(2,515)	2,518	(3,229)	4,248
Total comprehensive income for the period/year	<u>8,073</u>	<u>7,796</u>	<u>26,584</u>	<u>37,737</u>
Attributable to:				
Equity holders of the Company	7,974	7,724	26,367	37,414
Non-controlling interests	99	72	217	323
Total comprehensive income for the period/year	<u>8,073</u>	<u>7,796</u>	<u>26,584</u>	<u>37,737</u>

⁽¹⁾ The financial figures are retrospectively restated for the effects on the adoption of SFRS(I). Please refer to paragraph 4 for details of the impact.

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

(a) Statement of changes in equity for the quarter ended 31 December 2018 and 31 December 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	Fair Value Reserve \$'000	Other Reserve \$'000	Retained Profits \$'000	Total \$'000	Non- Controlling Interests \$'000	Total Equity \$'000
The Group												
At 1 October 2018	102,773	3,678	2,345	1,623	3,170	792	-	(989)	143,309	256,701	2,461	259,162
Effect of adopting SFRS(I) *	-	-	-	-	-	-	(2,595)	-	2,595	-	-	-
At 1 October 2018 (restated)	102,773	3,678	2,345	1,623	3,170	792	(2,595)	(989)	145,904	256,701	2,461	259,162
Profit for the quarter	-	-	-	-	-	-	-	-	11,016	11,016	108	11,124
Other comprehensive income/(loss):												
Remeasurement of define benefit obligation	-	-	-	-	-	-	-	34	-	34	-	34
Net fair value loss on financial asset designated as at fair value through other comprehensive income	-	-	-	-	-	-	(570)	-	-	(570)	-	(570)
Currency translation differences arising from consolidation	-	(2,494)	-	-	-	-	-	(12)	-	(2,506)	(9)	(2,515)
Total comprehensive income/(loss) for the quarter	-	(2,494)	-	-	-	-	(570)	22	11,016	7,974	99	8,073
<i>Transactions with owners recognised directly in equity</i>												
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	67	67
Transfer to statutory reserve fund	-	-	-	-	313	-	-	-	(313)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	98	-	-	-	98	-	98
- Issue of share capital	119	-	-	59	-	(59)	-	-	-	119	-	119
	119	-	-	59	313	39	-	-	(313)	217	67	284
At 31 December 2018	102,892	1,184	2,345	1,682	3,483	831	(3,165)	(967)	156,607	264,892	2,627	267,519
At 1 October 2017	101,773	(27,538)	2,345	1,124	2,246	885	-	(993)	159,391	239,233	2,271	241,504
Effect of adopting SFRS(I) *	-	29,302	-	-	-	-	(2,268)	-	(27,034)	-	-	-
At 1 October 2017 (restated)	101,773	1,764	2,345	1,124	2,246	885	(2,268)	(993)	132,357	239,233	2,271	241,504
Profit for the quarter	-	-	-	-	-	-	-	-	5,512	5,512	96	5,608
Other comprehensive income/(loss):												
Remeasurement of define benefit obligation	-	-	-	-	-	-	-	(3)	-	(3)	-	(3)
Net fair value loss on financial asset designated as at fair value through other comprehensive income	-	-	-	-	-	-	(327)	-	-	(327)	-	(327)
Currency translation differences arising from consolidation	-	2,529	-	-	-	-	-	13	-	2,542	(24)	2,518
Total comprehensive income/(loss) for the quarter	-	2,529	-	-	-	-	(327)	10	5,512	7,724	72	7,796
<i>Transactions with owners recognised directly in equity</i>												
Transfer to statutory reserve fund	-	-	-	-	786	-	-	-	(786)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	72	-	-	-	72	-	72
- Issue of share capital	170	-	-	69	-	(69)	-	-	-	170	-	170
	170	-	-	69	786	3	-	-	(786)	242	-	242
At 31 December 2017	101,943	4,293	2,345	1,193	3,032	888	(2,595)	(983)	137,083	247,199	2,343	249,542

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 October 2018	102,773	-	-	1,623	-	792	-	31,717	136,905
Effect of adopting SFRS(I) *	-	-	-	-	-	-	(2,595)	2,595	-
At 1 October 2018 (restated)	102,773	-	-	1,623	-	792	(2,595)	34,312	136,905
Profit for the quarter	-	-	-	-	-	-	-	11,058	11,058
Other comprehensive income/(loss):									
Net fair value loss on financial asset designated as at fair value through other comprehensive income	-	-	-	-	-	-	(570)	-	(570)
Total comprehensive income/(loss) for the quarter	-	-	-	-	-	-	(570)	11,058	10,488
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Value of employee services	-	-	-	-	-	98	-	-	98
- Issue of share capital	119	-	-	59	-	(59)	-	-	119
	119	-	-	59	-	39	-	-	217
At 31 December 2018	102,892	-	-	1,682	-	831	(3,165)	45,370	147,610
At 1 October 2017	101,773	-	-	1,124	-	885	-	35,056	138,838
Effect of adopting SFRS(I) *	-	-	-	-	-	-	(2,268)	2,268	-
At 1 October 2017 (restated)	101,773	-	-	1,124	-	885	(2,268)	37,324	138,838
Profit for the quarter	-	-	-	-	-	-	-	7,717	7,717
Other comprehensive income/(loss):									
Net fair value loss on financial asset designated as at fair value through other comprehensive income	-	-	-	-	-	-	(327)	-	(327)
Total comprehensive income for the quarter	-	-	-	-	-	-	(327)	7,717	7,390
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Value of employee services	-	-	-	-	-	72	-	-	72
- Issue of share capital	170	-	-	69	-	(69)	-	-	170
	170	-	-	69	-	3	-	-	242
At 31 December 2017	101,943	-	-	1,193	-	888	(2,595)	45,041	146,470

* The financial figures are retrospectively restated for the effects on the adoption of SFRS(I). Please refer to paragraph 4 for details of the impact.

(b) Statement of changes in equity for the twelve months ended 31 December 2018 and 31 December 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	Fair Value Reserve \$'000	Other Reserve \$'000	Retained Profits \$'000	Total \$'000	Non- Controlling Interests \$'000	Total Equity \$'000
The Group												
At 1 January 2018	101,943	(25,009)	2,345	1,193	3,032	888	-	(983)	163,790	247,199	2,343	249,542
Effect of adopting SFRS(I) *	-	29,302	-	-	-	-	(2,595)	-	(26,707)	-	-	-
At 1 January 2018 (restated)	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 year	-	-	-	-	-	-	-	-	30,030	30,030	319	30,349
Other comprehensive income/(loss):												
Remeasurement of defined benefit obligation	-	-	-	-	-	-	-	34	-	34	-	34
Net fair value loss on financial asset designated as at fair value through other comprehensive income	-	-	-	-	-	-	(570)	-	-	(570)	-	(570)
Currency translation differences arising from consolidation	-	(3,109)	-	-	-	-	-	(18)	-	(3,127)	(102)	(3,229)
Total comprehensive income/(loss) for the year	-	(3,109)	-	-	-	-	(570)	16	30,030	26,367	217	26,584
<i>Transactions with owners recognised directly in equity</i>												
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	67	67
Transfer to statutory reserve fund	-	-	-	-	451	-	-	-	(451)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	432	-	-	-	432	-	432
- Issue of share capital	949	-	-	489	-	(489)	-	-	-	949	-	949
Dividend Paid	-	-	-	-	-	-	-	-	(10,055)	(10,055)	-	(10,055)
	949	-	-	489	451	(57)	-	-	(10,506)	(8,674)	67	(8,607)
At 31 December 2018	102,892	1,184	2,345	1,682	3,483	831	(3,165)	(967)	156,607	264,892	2,627	267,519
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	-	-	-	-	(2,268)	-	(27,034)	-	-	-
At 1 January 2017 (restated)	100,031	-	2,345	167	2,284	1,723	(2,268)	(994)	109,364	212,652	2,020	214,672
Profit for the year	-	-	-	-	-	-	-	-	33,437	33,437	382	33,819
Other comprehensive income/(loss):												
Remeasurement of defined benefit obligation	-	-	-	-	-	-	-	(3)	-	(3)	-	(3)
Net fair value loss on financial asset designated as at fair value through other comprehensive income	-	-	-	-	-	-	(327)	-	-	(327)	-	(327)
Currency translation differences arising from consolidation	-	4,293	-	-	-	-	-	14	-	4,307	(59)	4,248
Total comprehensive income/(loss) for the year	-	4,293	-	-	-	-	(327)	11	33,437	37,414	323	37,737
<i>Transactions with owners recognised directly in equity</i>												
Transfer to/(from) statutory reserve fund	-	-	-	-	748	-	-	-	(748)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	191	-	-	-	191	-	191
- Issue of share capital	1,912	-	-	1,026	-	(1,026)	-	-	-	1,912	-	1,912
Dividend Paid	-	-	-	-	-	-	-	-	(4,970)	(4,970)	-	(4,970)
	1,912	-	-	1,026	748	(835)	-	-	(5,718)	(2,867)	-	(2,867)
At 31 December 2017	101,943	4,293	2,345	1,193	3,032	888	(2,595)	(983)	137,083	247,199	2,343	249,542

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 2018	101,943	-	-	1,193	-	888	-	42,446	146,470
Effect of adopting SFRS(I) *	-	-	-	-	-	-	(2,595)	2,595	-
At 1 January 2018 (restated)	101,943	-	-	1,193	-	888	(2,595)	45,041	146,470
Profit for the quarter	-	-	-	-	-	-	-	10,384	10,384
Other comprehensive income/(loss):	-	-	-	-	-	-	-	-	-
Net fair value loss on financial asset designated as at fair value through other comprehensive income	-	-	-	-	-	-	(570)	-	(570)
Total comprehensive loss for the year	-	-	-	-	-	-	(570)	10,384	9,814
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Value of employee services	-	-	-	-	-	432	-	-	432
- Issue of share capital	949	-	-	489	-	(489)	-	-	949
Dividend paid	-	-	-	-	-	-	-	(10,055)	(10,055)
	949	-	-	489	-	(57)	-	(10,055)	(8,674)
At 31 December 2018	102,892	-	-	1,682	-	831	(3,165)	45,370	147,610
At 1 January 2017	100,031	-	-	167	-	1,723	-	38,727	140,648
Effect of adopting SFRS(I) *	-	-	-	-	-	-	(2,268)	2,268	-
At 1 January 2017 (restated)	100,031	-	-	167	-	1,723	(2,268)	40,995	140,648
Profit for the year	-	-	-	-	-	-	-	9,016	9,016
Other comprehensive income/(loss):	-	-	-	-	-	-	-	-	-
Net fair value loss on financial asset designated as at fair value through other comprehensive income	-	-	-	-	-	-	(327)	-	(327)
Total comprehensive income for the year	-	-	-	-	-	-	(327)	9,016	8,689
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Value of employee services	-	-	-	-	-	191	-	-	191
- Issue of share capital	1,912	-	-	1,026	-	(1,026)	-	-	1,912
Dividend paid	-	-	-	-	-	-	-	(4,970)	(4,970)
	1,912	-	-	1,026	-	(835)	-	(4,970)	(2,867)
At 31 December 2017	101,943	-	-	1,193	-	888	(2,595)	45,041	146,470

* The financial figures are retrospectively restated for the effects on the adoption of SFRS(I). Please refer to paragraph 4 for details of the impact.

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 90,000, 155,000 and 350,000 new ordinary shares pursuant to the Company's employee share option scheme at the exercise price of \$0.155, \$0.168 and \$0.224 each respectively. There are no treasury shares held as at the end of the current quarter.

	Total number of issued shares as at	
	31/12/18	31/12/17
Number of issued shares	421,502,409	416,382,409
Number of treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>421,502,409</u>	<u>416,382,409</u>

Share options

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

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 1.10.2018	Granted during the period	Forfeited during the period	Exercised during the period	As at 31.12.2018		
1.12.2008 (2008 Option)	90,000	0	0	(90,000)	0	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	1,185,000	0	0	(155,000)	1,030,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	2,615,000	0	0	(350,000)	2,265,000	\$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>(595,000)</u>	<u>6,795,000</u>		

	Total number of shares as at	
	31/12/18	31/12/17
Total number of shares that may be issued on exercise of share options outstanding	<u>6,795,000</u>	<u>11,915,000</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	
	31/12/18	31/12/17
Total number of issued shares excluding treasury shares	<u>421,502,409</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 ended 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 ended 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.

Under SFRS(I) 9, the Group and the Company have made an irrevocable election, at initial recognition, to measure its financial asset, available-for-sale at fair value through other comprehensive income.

The effects of the adoption of the above standards on the results and the financial position of the Group and the Company are as follows:

	As at 31 December 2017			As at 1 January 2017		
	As previously reported \$'000	Application of SFRS (I) \$'000	As restated \$'000	As previously reported \$'000	Application of SFRS (I) \$'000	As restated \$'000
Effect on Balance Sheets						
<u>The Group</u>						
Retained profits	163,790	(26,707)	137,083	136,398	(27,034)	109,364
Foreign currency translation reserve	(25,009)	29,302	4,293	(29,302)	29,302	-
Fair value reserve	-	(2,595)	(2,595)	-	(2,268)	(2,268)
<u>The Company</u>						
Retained profits	42,446	2,595	45,041	38,727	2,268	40,995
Fair value reserve	-	(2,595)	(2,595)	-	(2,268)	(2,268)
	FY2017			FY2016		
	As previously reported \$'000	Application of SFRS (I) \$'000	As restated \$'000	As previously reported \$'000	Application of SFRS (I) \$'000	As restated \$'000
Effect on Consolidated Income Statement						
Excetional items	10,132	327	10,459	-	-	-
Profit before income tax	40,087	327	40,414	20,286	-	20,286
Profit for the year	33,492	327	33,819	15,969	-	15,969
Profit attributable to equity holders of the Company	33,110	327	33,437	15,905	-	15,905
Effect on Consolidated Cash Flow Statement						
Profit after tax	33,492	327	33,819	15,969	-	15,969
Impairment loss of financial asset, available-for-sale	327	(327)	-	-	-	-
Effect on Statement of Comprehensive Income						
Profit for the year	33,492	327	33,819	15,969	-	15,969
Net fair value loss on financial asset						

designated as at fair value through other comprehensive income	-	(327)	(327)	-	-	-
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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 12 months ended	
	31/12/18	31/12/17 (restated)	31/12/18	31/12/17 (restated)
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)	2.62	1.32	7.15	8.09
- Weighted average number of shares (in thousand)	421,072	416,220	419,920	413,145
(ii) On a fully diluted basis (in cents)	2.60	1.31	7.11	8.00
- Adjusted weighted average number of shares (in thousand)	422,961	421,918	422,170	418,167

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	
	31/12/18	31/12/17	31/12/18	31/12/17
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	62.84	59.37	35.02	35.18

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

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 16 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	4Q	Full Year
FY2018 (S\$'000)	138,750	147,426	163,913	175,702	625,791
FY2017 (S\$'000)	134,411	125,961	129,245	125,469	515,086
yoy (%)	3.2	17.0	26.8	40.0	21.5

For the three months ended 31 December 2018 ("4Q18"), the Group's revenue increased 40.0% year-on-year (yoy) to S\$175.7 million, driven mainly by sales growth of 56.7% at the Mechatronics Division.

For the 12 months ended 31 December 2018 ("FY2018"), the Group's revenue increased 21.5% to S\$625.8 million from S\$515.1 million in FY2017, lifted mainly by an increase in sales of 33.1% at the Mechatronics Division. This increase more than offset a sales decline of 9.1% at the IMS Division which was due mainly to the absence of sales in FY2018 from Precico Electronics Sdn. Bhd. ("PESB") which the Group divested on 31 March 2017.

For FY2018, the Mechatronics and IMS Divisions contributed 79.4% and 20.6% respectively to the Group's revenue.

Revenue breakdown by Business Segment

Sales	4Q18	4Q17	yoy	3Q18	qoq	FY2018	FY2017	yoy
	S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
MECHATRONICS DIVISION								
Semiconductor	27,686	26,570	4.2	30,469	(9.1)	125,474	116,433	7.8
Medical	22,055	21,424	2.9	20,990	5.1	83,991	72,004	16.6
Analytical	36,519	31,429	16.2	33,946	7.6	136,693	114,478	19.4
Industrial Automation	53,499	8,251	548.4	41,068	30.3	128,982	50,886	153.5
Others	4,806	4,569	5.2	4,829	(0.5)	21,653	19,523	10.9
Mechatronics Total	144,565	92,243	56.7	131,302	10.1	496,793	373,324	33.1
IMS DIVISION								
Automotive	24,029	24,425	(1.6)	23,804	0.9	96,299	102,750	(6.3)
Consumer & Industrial								
Electronics	4,657	5,183	(10.1)	5,441	(14.4)	21,137	21,319	(0.9)
Others	559	1,001	(44.2)	326	71.5	2,215	3,885	(43.0)
Tooling	1,828	2,547	(28.2)	2,968	(38.4)	9,066	13,600	(33.3)
IMS Total	31,073	33,156	(6.3)	32,539	(4.5)	128,717	141,554	(9.1)

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

Revenue at the Mechatronics Division increased 56.7% yoy to S\$144.6 million in 4Q18, driven mainly by substantial sales growth of the industrial automation segment. For FY2018, the Mechatronics Division recorded revenue growth of 33.1% to S\$496.8 million on the back of higher sales at all its business segments, particularly the industrial automation segment.

Sales of the industrial automation segment, which is typically lumpy in nature, increased significantly by 548.4% yoy in 4Q18 and 153.5% in FY2018, boosted by increased orders for storage drive production equipment from a key customer.

The analytical segment recorded sales increases of 16.2% in 4Q18 and 19.4% in FY2018. This was due primarily to increased orders from a key customer as a result of higher demand from end-users in the life sciences and semiconductor industries.

Sales of the medical segment grew 2.9% yoy in 4Q18 and 16.6% in FY2018, attributable mainly to higher demand from a key customer.

Sales of the semiconductor segment increased 4.2% yoy in 4Q18 and 7.8% in FY2018. A significant increase in orders for front-end semiconductor equipment was partially offset by a slowdown in sales of back-end semiconductor equipment.

Revenue of the IMS Division registered a decrease of 6.3% yoy to S\$31.1 million in 4Q18. For FY2018, the division's revenue declined 9.1% yoy to S\$128.7 million due to lower sales of the automotive and tooling segments.

Gross Profit Margin

In tandem with higher sales, the Group's gross profit increased 59.6% to S\$29.3 million in 4Q18 from S\$18.4 million in 4Q17. Gross profit for FY2018 was S\$101.7 million, an increase of 21.3% from S\$83.9 million in FY2017.

Gross profit margin in 4Q18 improved to 16.7% from 14.6% in 4Q17 due to the increased Group sales and higher utilisation of production capacity. Gross profit margin in FY2018 was stable at 16.3% compared to FY2017.

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

Other income, net of other operating expenses, decreased to S\$0.4 million in 4Q18 from S\$1.9 million in 4Q17 due mainly to higher net foreign exchange loss in 4Q18 and a write-back of doubtful debts in 4Q17.

For FY2018, other income, net of other operating expenses, declined to S\$2.7 million from S\$4.2 million in FY2017. This was attributable mainly to a higher loss on disposal of property, plant and equipment, absence of a write-back of doubtful debts and amortisation of deferred gain in FY2018.

Selling and Administrative Expenses

Selling and distribution expenses increased 8.1% to S\$2.9 million in 4Q18 from S\$2.6 million in 4Q17. These expenses also rose 9.8% to S\$11.9 million in FY2018 from S\$10.9 million in FY2017. The increases were due mainly to increases in personnel salaries, higher provisions for bonus and transportation costs in tandem with the growth in Group sales.

Administrative and general expenses increased 12.2% yoy to S\$12.3 million in 4Q18 due primarily to higher staff salaries and related costs, provision for bonuses, professional fees and depreciation expenses. For FY2018, administrative and general expenses were relatively stable at S\$47.4 million as compared to S\$46.9 million in FY2017.

Finance Costs

Finance costs of S\$0.6 million in 4Q18 was relatively unchanged from 4Q17. For FY2018, finance costs increased to S\$2.5 million from S\$1.6 million 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 and exceptional item increased 115.8% to S\$14.2 million in 4Q18 from S\$6.6 million in 4Q17. For FY2018, the Group's profit before income tax and exceptional item increased 47.1% to S\$44.1 million from S\$30.0 million in FY2017.

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

The Group made an exceptional gain of S\$0.1 million in 4Q18 from the disposal of a subsidiary. For FY2018, it recorded an exceptional loss amounting 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 the IMS Division. In FY2017, the Group registered an exceptional gain of S\$10.5 million in relation to net gain on disposal of subsidiaries.

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

Reported PATMI including exceptional items

	1Q	2Q	3Q	4Q	Full Year
FY2018 (S\$'000)	6,757	7,000	5,257 [^]	11,016 [#]	30,030
FY2017 (S\$'000)	16,275 [*]	6,636	5,014 [*]	5,512	33,437
yoy (%)	(58.5)	5.5	4.8	99.9	(10.2)

[^] 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

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

The Group reported a doubling of net profit attributable to equity holders (PATMI) to S\$11.0 million in 4Q18 from S\$5.5 million in 4Q17. For FY2018, the Group's PATMI of S\$30.0 million was a decrease of 10.2% from S\$33.4 million in FY2017.

PATMI excluding exceptional items

	1Q	2Q	3Q	4Q	Full Year
FY2018 (S\$'000)	6,757	7,000	9,304	10,876	33,937
FY2017 (S\$'000)	6,096	6,630	4,740	5,512	22,978
yoy (%)	10.8	5.6	96.3	97.3	47.7

Excluding the exceptional items, the Group would have posted a PATMI of S\$33.9 million in FY2018, an increase of 47.7% from S\$23.0 million in FY2017.

The Mechatronics Division's PATMI excluding exceptional items increased to S\$35.6 million in FY2018 from S\$23.1 million in FY2017. Excluding exceptional items, the IMS Division reported a break-even year in FY2018 compared to PATMI of S\$0.6 million in FY2017.

Balance Sheet

As at 31 December 2018, the Group had shareholders' equity of S\$264.9 million, equivalent to net asset value of 62.84 cents per share based on the total number of issued shares of 421.5 million shares.

Total assets increased to S\$463.7 million as at 31 December 2018 from S\$420.2 million at the end of December 2017. Property, plant and equipment increased to S\$97.4 million from S\$93.9 million as at 31 December 2017, attributable mainly to purchases of property, plant and equipment during the year in review.

Cash and cash equivalents decreased slightly to S\$67.1 million as at 31 December 2018 from S\$68.2 million as at 31 December 2017. Inventories increased to S\$144.6 million as at 31 December 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\$115.9 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\$79.2 million as at 31 December 2018 from S\$61.9 million as at 31 December 2017, which is attributed to higher purchases of materials required to fulfill customers' orders. Total borrowings as at 31 December 2018 increased to S\$68.7 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\$1.6 million as at 31 December 2018 as compared to net cash of S\$4.5 million as at 31 December 2017. Total net debt-to-equity ratio stood at 0.6% as at 31 December 2018.

Cash Flow Analysis

The Group generated net cash of S\$25.2 million from operating activities in FY2018. Net cash used for investing activities amounted to S\$23.3 million in FY2018, attributable mainly to capital expenditure. Net cash used in financing activities amounted to S\$1.8 million in FY2018 due primarily to payment of dividends to shareholders, partially offset by net proceeds from bank borrowings.

As a result of the above, the Group recorded a net increase in cash and cash equivalents of S\$0.1 million during FY2018. 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\$0.4 million on its opening cash and cash equivalents, the Group had an ending cash balance of S\$45.1 million as at 31 December 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 4Q18 are in line with the guidance provided in its financial statements posted on the SGX website on 7 November 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

In FY2018, the Group delivered four consecutive quarters of revenue growth on both a year-on-year and quarter-on-quarter basis. This growth was driven mainly by the improving sales performance of the Mechatronics Division. As a result, the Group achieved record revenue of S\$625.8 million in FY2018, up 21.5% from FY2017. Excluding exceptional items in both years, the Group's PATMI increased 47.4% to reach a record S\$33.9 million in FY2018 compared to S\$23.0 million in FY2017.

Looking ahead, the macroeconomic backdrop is expected to remain challenging as ongoing trade tensions may lead to increased global economic uncertainties.

Frencken will continue to operate in a broad array of business segments, end-user markets and geographical regions. This business diversity provides greater resilience and stability to the Group's performance against potentially uneven demand across its various business segments.

For the long term, the Group remains confident of its business prospects and will stay focused on its goal to deliver sustainable and profitable growth to stakeholders.

To further strengthen its position as a premier Global Integrated Technology Solutions Company, the Group continues to execute strategies that will enhance its value proposition to customers.

The Mechatronics Division will remain focused on moving up the value chain and offering high value-added solutions to reinforce its partnerships with customers. The IMS Division will continue to build on its established position in the automotive segment while exploring opportunities to expand to new business segments with growth potential. Both divisions are also continually working to secure new programs and expand market share by collaborating with new and existing customers to develop the next generation technology and products.

BUSINESS SEGMENT OUTLOOK

Based on current indicators, revenue of the semiconductor segment is anticipated to decrease year-on-year in 1Q19. An expected increase in New Product Introductions for front-end semiconductor equipment will help to buffer against the general slowdown in demand for semiconductor equipment.

The revenue contribution from the analytical segment is expected to show further year-on-year growth in 1Q19 while revenue of the medical segment is expected to be marginally lower year-on-year in 1Q19.

Revenue of the industrial automation segment, which is typically lumpy in nature, is anticipated to post robust year-on-year growth in 1Q19, driven by increased orders for storage drive production equipment from a key multinational customer in Asia.

Revenue of the automotive segment is expected to show a year-on-year improvement in 1Q19.

11. Dividend

(a) Current Financial Period Reported on

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

Yes

The Directors are pleased to recommend a first and final exempt (one-tier) dividend in respect of the financial year ended 31 December 2018 of 2.14 cents per ordinary share for approval by shareholders at the forthcoming Annual General Meeting to be convened on 25 April 2019.

Name of Dividend	Ordinary Tax Exempt
Dividend Type	Cash
Dividend amount per share (in cents)	2.14 cents per ordinary share
Par value of shares	Not applicable
Tax Rate	Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes

The Directors recommended a first and final exempt (one-tier) dividend of 1.66 cents per ordinary share and a special exempt (one-tier) dividend of 0.73 cents per ordinary share in respect of the financial year ended 31 December 2017 which was approved by shareholders at the Annual General Meeting convened on 25 April 2018.

Name of Dividend	Ordinary Tax Exempt
Dividend Type	Cash
Dividend amount per share (in cents)	2.39 cents per ordinary share
Par value of shares	Not applicable
Tax Rate	Not applicable

(c) Date Payable

The proposed dividend, if approved at the Annual General Meeting, will be paid on 15 May 2019.

(d) Books closure date

Notice is also hereby given that the Share Transfer Books and the Register of Members of the Company will be closed on Tuesday, 7 May 2019 for the purpose of determining the entitlement of Shareholders to the Final Dividend.

Duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), 80 Robinson Road, #02-00, Singapore 068898, up to the close of business at 5.00 p.m. on Monday, 6 May 2019 will be registered to determine Shareholder's entitlements to the Final Dividend.

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.

13 (a) Business segments

FY2018

	Mechatronics \$'000	Integrated Manufacturing Services \$'000	Investment Holding \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Turnover						
External revenue	496,793	128,717	-	281	-	625,791
Inter-segment sales	-	-	961	-	(961)	-
	<u>496,793</u>	<u>128,717</u>	<u>961</u>	<u>281</u>	<u>(961)</u>	<u>625,791</u>
Segment results	46,928	801	(3,044)	139	244	45,068
Interest income	77	652	1,563	1	(749)	1,544
Finance costs	(1,025)	(1,889)	(132)	-	505	(2,541)
Net gain on disposal of subsidiaries	-	140	-	-	-	140
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)
Profit before income tax						40,164
Income tax expense	(10,210)	470	(5)	(70)	-	(9,815)
Total profit						<u>30,349</u>
Segment assets	<u>283,778</u>	<u>125,211</u>	<u>53,012</u>	<u>1,739</u>	-	<u>463,740</u>
Segment liabilities	<u>134,581</u>	<u>55,163</u>	<u>6,398</u>	<u>79</u>	-	<u>196,221</u>
Other segment information:						
Capital expenditure	15,656	5,773	12	-	-	21,441
Addition of intangible assets	-	31	-	-	-	31
Depreciation and amortisation	7,534	8,689	85	70	-	16,378
Other non-cash expenses other than depreciation and amortisation	211	4,413	222	1	-	4,847

FY2017

	Mechatronics \$'000	Integrated Manufacturing Services \$'000	Investment Holding \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Turnover						
External revenue	373,324	141,554	-	208	-	515,086
Inter-segment sales	-	-	979	-	(979)	-
	<u>373,324</u>	<u>141,554</u>	<u>979</u>	<u>208</u>	<u>(979)</u>	<u>515,086</u>
Segment results	30,337	1,952	(2,091)	95	-	30,293
Interest income	36	278	1,310	2	(333)	1,293
Finance costs	(559)	(1,358)	(47)	-	333	(1,631)
Net gain on disposal of subsidiaries	-	(877)	11,336	-	-	10,459
Profit before income tax						40,414
Income tax expense	(6,574)	30	(13)	(38.00)	-	(6,595)
Total profit						<u>33,819</u>
Segment assets	<u>225,851</u>	<u>137,344</u>	<u>55,151</u>	<u>1,809</u>	-	<u>420,155</u>
Segment liabilities	<u>104,362</u>	<u>61,744</u>	<u>4,439</u>	<u>68</u>	-	<u>170,613</u>
Other segment information:						
Capital expenditure	9,259	15,296	217	-	-	24,772
Addition of intangible assets	426	463	-	-	-	889
Depreciation and amortisation	6,545	9,161	62	40	-	15,808
Other non-cash expenses other than depreciation and amortisation	20	1,220	173	8	-	1,421
Amortisation of deferred gain	797	-	-	-	-	797

13 (b) Geographical segments

	Revenue from external customers		Non-current assets	
	FY2018	FY2017	FY2018	FY2017
	\$'000	\$'000	\$'000	\$'000
Based on location of customer				
The Netherlands	146,303	121,742	45,043	48,992
People's Republic of China	81,219	76,466	23,905	22,476
Malaysia	64,442	67,977	34,041	32,967
Czech Republic	44,706	37,133	-	-
Singapore	53,510	54,633	8,626	7,660
Hungary	12,570	15,124	-	-
America	30,603	24,694	3,180	3,319
Germany	47,598	39,132	-	-
Switzerland	11,820	15,470	1,906	1,868
Thailand	110,532	39,160	2,300	2,198
India	7,526	7,215	3,815	3,521
Indonesia	1,455	3,463	-	1,464
United Kingdom	2,460	587	-	-
Others	11,047	12,290	-	-
	<u>625,791</u>	<u>515,086</u>	<u>122,816</u>	<u>124,465</u>

13 (c) Information about major customers

Included in revenue arising from Mechatronics division of \$496,793,000 (2017 : \$373,324,000) are revenue of approximately \$127,274,000 (2017 : \$64,929,000) which arose from sales to the Group's largest customer.

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.

Please refer to paragraph 8.

15. A breakdown of sales.

	31/12/2018	31/12/2017	% increase/ (decrease)
	\$'000	\$'000 (restated)	
Sales reported for first half year	286,176	260,372	9.9%
Operating profit after tax before deducting minority interests reported for first half year	13,826	23,168	-40.3%
Sales reported for second half year	339,615	254,714	33.3%
Operating profit after tax before deducting minority interests reported for second half year	16,523	10,651	55.1%

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:-

	Latest Full Year	Previous Full Year
	2018	2017
	\$'000	\$'000
Ordinary Dividend	9,020	6,912
Special Dividend	-	3,040
Preference Dividend	-	-
Total	<u>9,020</u>	<u>9,952</u>

17. Interested Person Transactions

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000)	
	31/12/18	31/12/17
	Not applicable.	-

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13), Frencken Group Limited confirms that there is no person occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

19. 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
21-Feb-19