



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		
	30/09/16	30/09/15	%	30/09/16	30/09/15	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Revenue	120,707	107,667	12.1%	355,237	336,272	5.6%
Cost of sales	(101,967)	(90,525)	12.6%	(300,758)	(285,851)	5.2%
Gross profit	18,740	17,142	9.3%	54,479	50,421	8.0%
Other income (Note 1)	1,034	2,633	-60.7%	3,964	5,469	-27.5%
Selling and distribution expenses	(2,671)	(2,474)	8.0%	(8,140)	(8,615)	-5.5%
Administrative and general expenses	(10,623)	(10,025)	6.0%	(31,829)	(30,388)	4.7%
Other operating expenses (Note 1)	(447)	(486)	-8.0%	(1,964)	(1,629)	20.6%
Interest income	31	65	-52.3%	122	154	-20.8%
Finance costs	(350)	(383)	-8.6%	(1,141)	(1,171)	-2.6%
Profit before income tax and exceptional items	5,714	6,472	-11.7%	15,491	14,241	8.8%
Exceptional items (Note 2)	-	(1,311)	N.M.	-	(1,311)	N.M.
Profit before income tax	5,714	5,161	10.7%	15,491	12,930	19.8%
Income tax expense	(1,377)	(1,277)	7.8%	(3,962)	(4,352)	-9.0%
Profit for the year	4,337	3,884	11.7%	11,529	8,578	34.4%
Profit attributable to:						
Equity holders of the Company	4,379	3,787	15.6%	11,543	8,351	38.2%
Non-controlling interests	(42)	97	N.M.	(14)	227	N.M.
	4,337	3,884	11.7%	11,529	8,578	34.4%
<u>Note 1 - Other income/(Other operating expenses)</u>						
Other Income	1,034	2,633	-60.7%	3,964	5,469	-27.5%
Other Operating Expenses	(447)	(486)	-8.0%	(1,964)	(1,629)	20.6%
	587	2,147	-72.7%	2,000	3,840	-47.9%
Included in Other income/(Other operating expenses):						
Gain/(loss) on disposal of property, plant and equipment, net	(26)	(12)	116.7%	114	275	-58.5%
Property, plant and equipment written off	(32)	(1)	3100.0%	(41)	(50)	-18.0%
Government grants	264	215	22.8%	1,149	915	25.6%
Foreign exchange (loss)/gain, net	(91)	1,359	N.M.	(889)	829	N.M.
Amortisation of deferred gain	266	266	N.M.	797	797	N.M.
Scrap sales	136	138	-1.4%	417	528	-21.0%
Other income	76	239	-68.2%	478	610	-21.6%
Other expenses	(6)	(57)	-89.5%	(25)	(64)	-60.9%
	587	2,147	-72.7%	2,000	3,840	-47.9%
<u>Note 2 - Exceptional items comprise:-</u>						
	<u>Note</u>					
Indemnity compensation and post contractual remuneration	(i)	(2,310)	N.M.	-	(2,310)	N.M.
Reversal of sales commission accrued	(ii)	999	N.M.	-	999	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		
	30/09/16	30/09/15	%	30/09/16	30/09/15	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Profit for the period is arrived at after charging/(crediting) :-						
Investment income	-	-	-	-	-	-
Other income including interest income	(1,065)	(2,698)	-61%	(4,086)	(5,623)	-27%
Amortisation of deferred gain	(266)	(266)	N.M.	(797)	(797)	N.M.
Interest on borrowings	350	383	-9%	1,141	1,171	-3%
Depreciation of property, plant and equipment	3,956	4,397	-10%	11,918	14,078	-15%
Amortisation of intangible assets	251	226	11%	709	1,035	-31%
(Write-back)/Allowance for doubtful debts and bad debts written off	(5)	(123)	-96%	(27)	(117)	-77%
(Write back)/Allowance for inventory obsolescence	-	178	N.M.	(5)	289	N.M.
Foreign exchange (gain)/loss, net	91	(1,359)	N.M.	889	(829)	N.M.
Adjustments for (over)/under provision of tax in respect of prior years	(70)	(60)	17%	(451)	(32)	1309%
(Gain)/Loss on disposal of property, plant and equipment, net	26	12	117%	(114)	(275)	-59%
Property, plant and equipment written off	32	1	3100%	41	50	-18%
Exceptional items:-						
Indemnity compensation and post contractual remuneration	-	(2,310)	N.M.	-	(2,310)	N.M.
Reversal of sales commission accrued	-	999	N.M.	-	999	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	
	30/09/16	31/12/15	30/09/16	31/12/15
	\$'000	\$'000	\$'000	\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	99,021	97,713	-	-
Subsidiaries	-	-	127,308	127,229
Financial asset, available-for-sale	4,132	4,132	4,132	4,132
Intangible assets	25,168	23,810	-	-
Deferred income tax assets	2,057	2,506	-	-
Other receivables, deposits and prepayments	1,415	1,935	-	-
Total non-current assets	131,793	130,096	131,440	131,361
CURRENT ASSETS				
Inventories	100,744	98,924	-	-
Trade receivables	90,951	87,411	-	-
Receivable from subsidiaries	-	-	388	662
Dividends receivable from subsidiaries	-	-	400	4,127
Other receivables, deposits and prepayments	9,607	8,199	9	19
Receivable from an associated company	169	-	-	-
Tax recoverable	82	126	-	-
Cash and cash equivalents	18,319	14,719	4,900	3,667
Total current assets	219,872	209,379	5,697	8,475
Total assets	351,665	339,475	137,137	139,836
CURRENT LIABILITIES				
Trade payables	46,804	45,004	-	-
Other payables, accruals and provisions	29,561	28,997	545	381
Deferred gain	1,063	1,063	-	-
Borrowings	55,574	50,114	-	-
Income tax payable	2,583	2,510	3	3
Total current liabilities	135,585	127,688	548	384
NON-CURRENT LIABILITIES				
Deferred gain	-	797	-	-
Borrowings	967	1,786	-	-
Deferred income tax liabilities	3,036	3,600	-	-
Total non-current liabilities	4,003	6,183	-	-
Total liabilities	139,588	133,871	548	384
NET ASSETS	212,077	205,604	136,589	139,452
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	99,821	99,659	99,821	99,659
Foreign currency translation reserve	(28,114)	(25,961)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	72	(15)	72	(15)
Statutory reserve fund	1,867	1,622	-	-
Share option reserve	1,779	1,787	1,779	1,787
Retained profits	132,453	124,194	34,917	38,021
	210,223	203,631	136,589	139,452
Non-controlling interests	1,854	1,973	-	-
TOTAL EQUITY	212,077	205,604	136,589	139,452

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

Amount repayable in one year or less, or on demand

As at 30/09/16	
Secured \$'000	Unsecured \$'000
33,101	22,473

As at 31/12/15	
Secured \$'000	Unsecured \$'000
30,211	19,903

Amount repayable after one year

As at 30/09/16	
Secured \$'000	Unsecured \$'000
251	716

As at 31/12/15	
Secured \$'000	Unsecured \$'000
1,356	430

Details of any collateral

Details of the borrowings of the Group and its securities as at 30 September 2016 are as follows:

	<u>Note</u>	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	25,590	802	26,392
Other short-term borrowings	(ii)	7,056	21,381	28,437
Finance lease	(iii)	243	-	243
Term Loans	(iv)	463	1,006	1,469
		<u>33,352</u>	<u>23,189</u>	<u>56,541</u>

(i) bank overdrafts of :-

- (a) \$25,281,000 is secured by mortgage over properties, pledged on the trade receivables and inventories of all subsidiaries of the Company in The Netherlands; and
- (b) \$309,000 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 are secured by pledged on the trade receivables of certain subsidiaries in China.

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

(iv) term loans of :-

- (a) \$431,000 is secured by exclusive charged on the entire present and future current and fixed assets of a subsidiary in India; and
- (b) \$32,000 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 3 months ended		Group 9 months ended	
	30/09/16	30/09/15	30/09/16	30/09/15
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit after tax	4,337	3,884	11,529	8,578
Adjustments for:				
Income tax expense	1,377	1,277	3,962	4,352
Exchange differences	(505)	(146)	(761)	61
Employee share option expense	37	56	79	244
Depreciation of property, plant and equipment	3,956	4,397	11,918	14,078
Loss/(Gain) on disposal of property, plant and equipment, net	26	12	(114)	(275)
Property, plant and equipment written off	32	1	41	50
Interest income	(31)	(65)	(122)	(154)
Interest expense	350	383	1,141	1,171
Amortisation of deferred gain	(266)	(266)	(797)	(797)
Amortisation of intangible assets	251	226	709	1,035
Operating cash flow before working capital changes	9,564	9,759	27,585	28,343
Changes in operating assets and liabilities :				
Inventories	4,096	911	(2,567)	(5,196)
Receivables	216	9,802	(4,831)	1,608
Payables	(2,289)	(3,930)	433	(7,441)
Associated company	(31)	-	(169)	-
Cash flows generated from operations	11,556	16,542	20,451	17,314
Tax paid	(1,600)	(426)	(3,930)	(2,424)
Interest paid	(351)	(386)	(1,150)	(1,159)
NET CASH GENERATED FROM OPERATING ACTIVITIES	9,605	15,730	15,371	13,731
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	31	65	122	154
Additions of intangible assets	(300)	(486)	(2,313)	(1,260)
Purchase of property, plant and equipment (Note 1)	(3,358)	(3,163)	(12,043)	(8,597)
Proceeds from disposal of property, plant and equipment	3	261	211	523
NET CASH USED IN INVESTING ACTIVITIES	(3,624)	(3,323)	(14,023)	(9,180)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital	52	-	162	32
Repayment of finance lease liabilities	(65)	(91)	(215)	(301)
Repayment of short term bank borrowings	(47,636)	(56,042)	(99,459)	(82,074)
Repayment of term loans	(1,071)	(222)	(1,795)	(1,329)
Proceeds from short term bank borrowings	42,678	51,262	105,505	79,723
Proceeds from term loans	762	584	762	616
Dividend paid to shareholders	-	-	(3,039)	(4,047)
Withdrawal/(Placement) of fixed deposits pledged as securities	-	(206)	2	(220)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(5,280)	(4,715)	1,923	(7,600)
Net increase/(decrease) in cash and cash equivalents	701	7,692	3,271	(3,049)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	(9,086)	(14,054)	(11,613)	(4,929)
Effect of exchange rate changes on cash and cash equivalents	197	(1,815)	154	(199)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(8,188)	(8,177)	(8,188)	(8,177)

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	
	30/09/16	30/09/15	30/09/16	30/09/15
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents at end of the financial period comprise:				
Short term fund placed with a Malaysian financial institution	3,053	3,127	3,053	3,127
Deposits with licensed banks	451	444	451	444
Cash and bank balances	14,815	16,906	14,815	16,906
Bank overdrafts	(26,392)	(28,269)	(26,392)	(28,269)
	(8,073)	(7,792)	(8,073)	(7,792)
Less: Deposits pledged as securities	(115)	(385)	(115)	(385)
	(8,188)	(8,177)	(8,188)	(8,177)

Note 1 :

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$14,548,000 (30.09.2015: \$9,584,000) of which \$Nil (30.09.2015: \$Nil) was acquired by means of finance lease arrangement and \$2,505,000 (30.09.2015: \$987,000) was included in other payables at balance sheet date. Cash payments of \$12,043,000 (30.09.2015: \$8,597,000) were made to purchase these property, plant and equipment.

1(d) Consolidated statement of comprehensive income

	3 months ended		9 months ended	
	30/09/16	30/09/15	30/09/16	30/09/15
	\$'000	\$'000	\$'000	\$'000
<u>Statement of Comprehensive Income</u>				
Profit for the period	4,337	3,884	11,529	8,578
<i>Item that may be reclassified subsequently to income statement :</i>				
- Currency translation differences arising from consolidation	(2,372)	(2,946)	(2,258)	(7,149)
Total comprehensive income for the period	1,965	938	9,271	1,429
Attributable to:				
Equity holders of the Company	2,049	800	9,390	1,146
Non-controlling interests	(84)	138	(119)	283
Total comprehensive income for the period	1,965	938	9,271	1,429

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 2016 and 30 September 2015

	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 July 2016	99,769	-	(25,784)	2,345	50	1,769	1,764	128,172	208,085	1,938	210,023	
Profit for the quarter	-	-	-	-	-	-	-	4,379	4,379	(42)	4,337	
Other comprehensive income/(loss):												
Currency translation differences arising from consolidation	-	-	(2,330)	-	-	-	-	-	(2,330)	(42)	(2,372)	
Total comprehensive income/(loss) for the quarter	-	-	(2,330)	-	-	-	-	4,379	2,049	(84)	1,965	
Transactions with owners recognised directly in equity												
Transfer to statutory reserve fund	-	-	-	-	-	98	-	(98)	-	-	-	
Employee share option scheme												
- Value of employee services	-	-	-	-	-	-	37	-	37	-	37	
- Issue of share capital	52	-	-	-	22	-	(22)	-	52	-	52	
	52	-	-	-	22	98	15	(98)	89	-	89	
At 30 September 2016	99,821	-	(28,114)	2,345	72	1,867	1,779	132,453	210,223	1,854	212,077	
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	
Transactions with owners recognised directly in equity												
Transfer to/(from) statutory reserve fund	-	-	-	-	-	36	-	(36)	-	-	-	
Employee share option scheme												
- Value of employee services	-	-	-	-	-	-	56	-	56	-	56	
- Transfer arising from forfeited share options	-	-	-	-	-	-	(38)	38	-	-	-	
	-	-	-	-	-	36	18	2	56	-	56	
At 30 September 2015	99,659	-	(24,431)	2,345	(15)	1,490	1,787	123,456	204,291	1,822	206,113	
	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 2016	99,769	-	-	-	50	-	1,764	34,961	136,544			
Total comprehensive income for the quarter	-	-	-	-	-	-	-	(44)	(44)			
Transactions with owners recognised directly in equity												
Employee share option scheme												
- Value of employee services	-	-	-	-	-	-	37	-	37			
- Issue of share capital	52	-	-	-	22	-	(22)	-	52			
	52	-	-	-	22	-	15	-	89			
At 30 September 2016	99,821	-	-	-	72	-	1,779	34,917	136,589			
At 1 July 2015	99,659	-	-	-	(15)	-	1,769	41,847	143,260			
Total comprehensive income for the quarter	-	-	-	-	-	-	-	(21)	(21)			
Transactions with owners recognised directly in equity												
Employee share option scheme												
- Value of employee services	-	-	-	-	-	-	56	-	56			
Reversal arising from forfeited share options	-	-	-	-	-	-	(38)	-	(38)			
	-	-	-	-	-	-	18	-	18			
At 30 September 2015	99,659	-	-	-	(15)	-	1,787	41,826	143,257			

(b) Statement of changes in equity for the nine months ended 30 September 2016 and 30 September 2015

	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 January 2016	99,659	-	(25,961)	2,345	(15)	1,622	1,787	124,194	203,631	1,973	205,604
Profit for the period	-	-	-	-	-	-	-	11,543	11,543	(14)	11,529
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	-	(2,153)	-	-	-	-	-	(2,153)	(105)	(2,258)
Total comprehensive income/(loss) for the period	-	-	(2,153)	-	-	-	-	11,543	9,390	(119)	9,271
Transactions with owners recognised directly in equity											
Transfer to statutory reserve fund	-	-	-	-	-	245	-	(245)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	79	-	79	-	79
- Treasury shares re-issued	-	-	-	-	-	-	-	-	-	-	-
- Issue of share capital	162	-	-	-	87	-	(87)	-	162	-	162
Dividend Paid	-	-	-	-	-	-	-	(3,039)	(3,039)	-	(3,039)
	162	-	-	-	87	245	(8)	(3,284)	(2,798)	-	(2,798)
At 30 September 2016	99,821	-	(28,114)	2,345	72	1,867	1,779	132,453	210,223	1,854	212,077
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/(loss) for the period	-	-	(7,205)	-	-	-	-	8,351	1,146	283	1,429
Transactions with owners recognised directly in equity											
Transfer to/(from) statutory reserve fund	-	-	-	-	-	448	-	(448)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	244	-	244	-	244
- Issue of share capital	32	-	-	-	12	-	(12)	-	32	-	32
Transfer arising from forfeited share options	-	-	-	-	-	-	(66)	66	-	-	-
Dividend Paid	-	-	-	-	-	-	-	(4,047)	(4,047)	-	(4,047)
	32	-	-	-	12	448	166	(4,429)	(3,771)	-	(3,771)
At 30 September 2015	99,659	-	(24,431)	2,345	(15)	1,490	1,787	123,456	204,291	1,822	206,113
	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 2016	99,659	-	-	-	(15)	-	1,787	38,021	139,452		
Total comprehensive loss for the period	-	-	-	-	-	-	-	(65)	(65)		
Transactions with owners recognised directly in equity											
Employee share option scheme - Value of employee services	-	-	-	-	-	-	79	-	79		
- Issue of share capital	162	-	-	-	87	-	(87)	-	162		
Dividend paid	-	-	-	-	-	-	-	(3,039)	(3,039)		
	162	-	-	-	87	-	(8)	(3,039)	(2,798)		
At 30 September 2016	99,821	-	-	-	72	-	1,779	34,917	136,589		
At 1 January 2015	99,627	-	-	-	(27)	-	1,621	45,117	146,338		
Total comprehensive income for the period	-	-	-	-	-	-	-	756	756		
Transactions with owners recognised directly in equity											
Employee share option scheme - Value of employee services	-	-	-	-	-	-	244	-	244		
- Issue of share capital	32	-	-	-	12	-	(12)	-	32		
Reversal arising from forfeited share options	-	-	-	-	-	-	(66)	-	(66)		
Dividend paid	-	-	-	-	-	-	-	(4,047)	(4,047)		
	32	-	-	-	12	-	166	(4,047)	(3,837)		
At 30 September 2015	99,659	-	-	-	(15)	-	1,787	41,826	143,257		

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 240,000 and 50,000 new ordinary shares pursuant to the Company's employee share option scheme at the exercise price of \$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	
	30/09/16	30/09/15
Number of issued shares	405,492,409	404,662,409
Number of treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>405,492,409</u>	<u>404,662,409</u>

Share options

The movement of share options of the Company during the period from 1 July 2016 to 30 September 2016 is as follows:

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 1.7.2016	Granted during the period	Forfeited during the period	Exercised during the period	As at 30.9.2016		
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)	3,824,000	0	0	(240,000)	3,584,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	5,325,000	0	0	(50,000)	5,275,000	\$0.224	1.12.2012 - 30.11.2020
7.10.2013 (2013 Option)	5,200,000	0	0	0	5,200,000	\$0.208	7.10.2015 - 6.10.2023
1.4.2016 (2016 Option)	3,000,000	0	0	0	3,000,000	\$0.184	1.4.2018 - 31.3.2026
	<u>20,095,000</u>	<u>0</u>	<u>0</u>	<u>(290,000)</u>	<u>19,805,000</u>		

	Total number of shares as at	
	30/09/16	30/09/15
Total number of shares that may be issued on exercise of share options outstanding	<u>19,805,000</u>	<u>17,635,000</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	
	30/09/16	31/12/15
Total number of issued shares excluding treasury shares	<u>405,492,409</u>	<u>404,662,409</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 2016.

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	
	30/09/16	30/09/15	30/09/16	30/09/15
Earnings per ordinary share of the Group based on net profit attributable to the shareholders of the Company:				
(i) Based on weighted average number of shares (in cents)	1.08	0.94	2.85	2.06
- Weighted average number of shares (in thousand)	405,209	404,662	404,969	404,609
(ii) On a fully diluted basis (in cents)	1.07	0.93	2.83	2.06
- Adjusted weighted average number of shares (in thousand)	409,066	405,826	407,408	406,160

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	
	30/09/16	31/12/15	30/09/16	31/12/15
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	51.84	50.32	33.68	34.46

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 30.09.2016 of 405,492,409 (31.12.2015 : 404,662,409).

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
FY2016 (S\$'000)	114,017	120,513	120,707	355,237	-	-
FY2015 (S\$'000)	111,681	116,924	107,667	336,272	103,108	439,380
yoy (%)	2.1	3.1	12.1	5.6	N.M.	N.M.

For the 3 months ended 30 September 2016 ("3Q16"), Group revenue increased 12.1% year-on-year (yoy) to S\$120.7 million. This was due principally to increased sales of the Mechatronics Division.

For the 9 months ended 30 September 2016 ("9M16"), Group revenue increased 5.6% yoy to S\$355.2 million due to higher sales contribution from the Mechatronics Division.

Revenue breakdown by Business Segment

Sales	3Q16	3Q15	yoy	2Q16	qoq	9M16	9M15	yoy
	S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
MECHATRONICS DIVISION								
Semiconductor	18,650	14,791	26.1	20,261	(8.0)	58,850	51,397	14.5
Medical	16,283	16,688	(2.4)	16,260	0.1	48,699	46,261	5.3
Analytical	22,156	20,802	6.5	21,798	1.6	63,550	62,744	1.3
Industrial Automation	18,545	9,772	89.8	16,085	15.3	48,962	38,879	25.9
Others	4,203	5,020	(16.3)	4,366	(3.7)	12,301	13,962	(11.9)
Mechatronics Total	79,837	67,073	19.0	78,770	1.4	232,362	213,243	9.0
IMS DIVISION								
Automotive	31,249	29,883	4.6	31,710	(1.5)	94,018	89,016	5.6
Office Automation	878	1,130	(22.3)	992	(11.5)	2,738	7,061	(61.2)
Consumer & Industrial								
Electronics	5,122	5,853	(12.5)	5,133	(0.2)	15,541	17,123	(9.2)
Others	153	418	(63.4)	209	(26.8)	477	1,120	(57.4)
Tooling	3,468	3,307	4.9	3,695	(6.1)	10,093	8,696	16.1
IMS Total	40,870	40,591	0.7	41,739	(2.1)	122,867	123,016	(0.1)

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

Revenue at the Mechatronics Division increased 19.0% yoy to S\$79.8 million in 3Q16. This was due mainly to higher sales from the semiconductor, industrial automation and analytical segments.

The higher sales from the semiconductor segment in 3Q16 was attributable mainly to increased orders for products that are related to back-end semiconductor equipment. Sales of the industrial automation segment, which is typically lumpy in nature, increased significantly in 3Q16 due primarily to increased sales of production equipment for storage drives.

Revenue at the IMS Division remained relatively stable at S\$40.9 million in 3Q16. While sales derived from the automotive segment improved by 4.6% yoy, this was offset by lower sales of the consumer & industrial electronics as well as the office automation segments. The decline in sales from office automation segment is in line with the Group's strategy to reduce its focus on this product segment.

Gross Profit Margin

The Group's gross profit increased 9.3% to S\$18.7 million in 3Q16, compared to S\$17.1 million in 3Q15. Gross profit margin in 3Q16 was 15.5%, a decrease from 15.9% in 3Q15 but higher than 15.2% in 2Q16.

For 9M16, the Group's gross profit increased 8.0% yoy to S\$54.5 million, resulting in an expansion of gross profit margin to 15.3% from 15.0% in 9M15.

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

Other income, net of other operating expenses, decreased to S\$0.6 million in 3Q16 compared to S\$2.1 million in 3Q15, due mainly to a negative change of S\$1.4 million arising from a net foreign exchange loss of S\$0.1 million in 3Q16 as opposed to a net foreign exchange gain of \$1.3 million in 3Q15.

For 9M16, other income, net of other operating expenses, decreased to S\$2.0 million from S\$3.8 million in 9M15. This was due mainly to a net foreign exchange loss in 9M16 as opposed to a net foreign exchange gain in 9M15.

Selling and Administrative Expenses

Selling and distribution expenses in 3Q16 increased 8.0% yoy to S\$2.7 million, attributable primarily to higher freight costs. Administrative and general expenses increased 6.0% yoy to S\$10.6 million in 3Q16 due mainly to higher staff costs.

Finance Costs

Finance costs were relatively stable at S\$0.3 million in 3Q16 as compared to 3Q15.

Group Profit before Income Tax

The Group recorded profit before income tax (PBT) of S\$5.7 million in 3Q16, an increase of 10.7% from S\$5.2 million in 3Q15. The increase was due mainly to exceptional items which were nil in 3Q16 as compared to S\$1.3 million in 3Q15. Excluding the exceptional items, the Group's PBT in 3Q16 was lower by S\$0.8 million yoy due mainly to the absence of a net foreign exchange gain.

Group Net Profit Attributable to Equity Holders of the Company

	1Q	2Q	3Q	9M	4Q	Full Year
FY2016 (S\$'000)	3,060	4,104	4,379	11,543	-	-
FY2015 (S\$'000)	439	4,125	3,787*	4,564	870 [#]	9,221
yoy (%)	597.0	(0.5)	15.6	152.9	N.M.	N.M.

*including exceptional items totaling S\$1.3 million

[#]including exceptional items totaling S\$4.7 million

After accounting for income tax of S\$1.4 million, the Group reported net profit attributable to equity holders (PATMI) of S\$4.4 million in 3Q16, an increase of 15.6% from S\$3.8 million in 3Q15. On a qoq basis, PATMI improved 6.7% from S\$4.1 million in 2Q16.

For 9M16, the Group's net profit attributable to equity holders increased 38.2% yoy to S\$11.5 million. The Mechatronics Division registered a 32.8% yoy increase in net profit to S\$11.1 million in 9M16. The IMS Division recorded a higher net profit of S\$600,000 in 9M16 compared to S\$268,000 previously.

Balance Sheet

As at 30 September 2016, the Group had shareholders' equity of S\$210.2 million, equivalent to net asset value of 51.84 cents per share based on the total number of issued shares of 405.5 million shares.

Total assets as at 30 September 2016 increased to S\$351.7 million from S\$339.5 million at the end of December 2015. Cash and cash equivalents increased to S\$18.3 million from S\$14.7 million as at 31 December 2015. Inventories increased to S\$100.7 million from S\$98.9 million at the end of FY2015 to meet the fulfillment of orders to customers. Trade receivables increased to S\$91.0 million as at 30 September 2016 from S\$87.4 million as at 31 December 2015 in line with higher sales.

Trade payables increased to S\$46.8 million as at 30 September 2016 from S\$45.0 million at the end of FY2015, attributed to higher purchases of materials required to fulfill customers' orders.

The Group had net bank borrowings of S\$38.2 million as at 30 September 2016, compared to S\$37.2 million at the end of FY2015. The Group's net debt-to-equity ratio as at 30 September 2016 was 18.2%, which is stable compared to 18.3% as at 31 December 2015.

Cash Flow Analysis

The Group generated net cash from operating activities of S\$15.4 million in 9M16. Net cash used in investing activities amounted to S\$14.0 million in 9M16, attributable mainly to capital expenditure. The Group generated net cash of S\$1.9 million from financing activities in 9M16, due mainly to net proceeds derived from short term borrowings which was partially offset by dividends paid to shareholders in respect of FY2015.

As a result of the above, the Group recorded a net increase in cash and cash equivalents of S\$3.3 million during 9M16. When added to its opening cash and cash equivalents of minus S\$11.6 million at the beginning of FY2016 and after accounting for foreign currency movements of S\$0.1 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 2016.

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 3Q16 are in line with the guidance provided in its financial statements posted on the SGX website on 10 August 2016.

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.

Business conditions in the high technology manufacturing sector are expected to remain challenging in the fourth quarter of 2016. Certain business segments that the Group serves are expected to face more challenging conditions due to the cyclical nature of these segments, and the generally cautious business sentiment resulting from prevailing global economic uncertainties.

The Group's goal is to deliver sustainable and profitable long-term growth. To achieve this, the Group is currently executing strategic initiatives to drive operational excellence by leveraging its advanced manufacturing capabilities and global network of production facilities, as well as improving its organisational and cost structures.

The Group is also progressively strengthening its global sales organization to increase its share of existing customers' business and seize new business opportunities.

Mechatronics Division

Based on current indicators, revenue of the semiconductor and analytical segments are expected to be satisfactory in 4Q16 as compared to 4Q15. Revenue of the industrial automation segment, which is typically lumpy in nature, is expected to be lower in 4Q16 compared to 4Q15.

The Group continues to strengthen the Mechatronics Division by investing in advanced equipment and state-of-the-art facilities to raise the technological capabilities of its operating sites world-wide. On the customer front, the Group continues to pursue and win business from an identified pool of global customers.

IMS Division

Based on current indicators, the automotive segment is expected to grow in 4Q16 as compared to 4Q15. Revenue contribution from the office automation segment will be lower yoy in 4Q16 as the IMS Division continues to reduce sales to this segment. For the consumer & industrial electronics segment, the division's strategy going forward is to focus on growing sales of industrial products and shift away from consumer products.

The Group will continue to enhance the IMS Division's capabilities in the automotive segment by making appropriate capital investments to expand production capacity and incorporate new solutions at its operating sites in the region, as well as expand its overall capability to move into new areas.

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	
	30/9/16	30/9/15

Not applicable	-	-
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18. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

Frencken Group Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

BY ORDER OF THE BOARD

Mohamad Anwar Au
Executive Director
10-Nov-16

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

We, Mohamad Anwar Au and Dato' Gooi Soon Chai, 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 2016 financial results to be false or misleading.

On behalf of the Board of Directors

(Signed)
Mohamad Anwar Au
Executive Director

(Signed)
Dato' Gooi Soon Chai
Non-Executive Director

Singapore, 10 November 2016