



FRENCKEN GROUP LIMITED

(Registration No. 199905084D)

Unaudited Second 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			6 months ended		
	30/06/16	30/06/15	%	30/06/16	30/06/15	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Revenue	120,513	116,924	3.1%	234,530	228,605	2.6%
Cost of sales	(102,153)	(98,438)	3.8%	(198,791)	(195,326)	1.8%
Gross profit	18,360	18,486	-0.7%	35,739	33,279	7.4%
Other income (Note 1)	1,107	1,237	-10.5%	2,930	3,426	-14.5%
Selling and distribution expenses	(2,721)	(2,966)	-8.3%	(5,469)	(6,141)	-10.9%
Administrative and general expenses	(10,944)	(10,192)	7.4%	(21,206)	(20,363)	4.1%
Other operating expenses (Note 1)	(29)	(135)	-78.5%	(1,517)	(1,733)	-12.5%
Interest income	49	46	6.5%	91	89	2.2%
Finance costs	(421)	(396)	6.3%	(791)	(788)	0.4%
Profit before income tax	5,401	6,080	-11.2%	9,777	7,769	25.8%
Income tax expense	(1,262)	(1,830)	-31.0%	(2,585)	(3,075)	-15.9%
Profit for the year	4,139	4,250	-2.6%	7,192	4,694	53.2%
Profit attributable to:						
Equity holders of the Company	4,104	4,125	-0.5%	7,164	4,564	57.0%
Non-controlling interests	35	125	-72.0%	28	130	-78.5%
	4,139	4,250	-2.6%	7,192	4,694	53.2%
<u>Note 1 - Other income/(Other operating expenses)</u>						
Other Income	1,107	1,237	-10.5%	2,930	3,426	-14.5%
Other Operating Expenses	(29)	(135)	-78.5%	(1,517)	(1,733)	-12.5%
	1,078	1,102	-2.2%	1,413	1,693	-16.5%
Included in Other income/(Other operating expenses):						
Gain/(loss) on disposal of property, plant and equipment, net	27	71	-62.0%	140	287	-51.2%
Property, plant and equipment written off	(4)	(1)	300.0%	(9)	(49)	-81.6%
Government grants	382	283	35.0%	885	700	26.4%
Foreign exchange (loss)/gain, net	90	27	233.3%	(798)	(530)	50.6%
Amortisation of deferred gain	266	266	N.M.	531	531	N.M.
Scrap sales	152	256	-40.6%	281	390	-27.9%
Other income	178	205	-13.2%	402	371	8.4%
Other expenses	(13)	(5)	160.0%	(19)	(7)	171.4%
	1,078	1,102	-2.2%	1,413	1,693	-16.5%

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			6 months ended		
	30/06/16	30/06/15	%	30/06/16	30/06/15	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Profit for the period is arrived at after charging/(crediting) :-						
Investment income	-	-	-	-	-	-
Other income including interest income	(1,156)	(1,283)	-10%	(3,021)	(3,515)	-14%
Amortisation of deferred gain	(266)	(266)	N.M.	(531)	(531)	N.M.
Interest on borrowings	421	396	6%	791	788	0%
Depreciation of property, plant and equipment	4,001	4,763	-16%	7,962	9,681	-18%
Amortisation of intangible assets	264	192	38%	458	809	-43%
(Write-back)/Allowance for doubtful debts and bad debts written off	15	2	650%	(22)	6	N.M.
(Write back)/Allowance for inventory obsolescence	(35)	85	N.M.	(5)	111	N.M.
Foreign exchange (gain)/loss, net	(90)	(27)	233%	798	530	51%
Adjustments for (over)/under provision of tax in respect of prior years	(379)	(7)	5314%	(381)	28	N.M.
(Gain)/Loss on disposal of property, plant and equipment, net	(27)	(71)	-62%	(140)	(287)	-51%
Property, plant and equipment written off	4	1	300%	9	49	-82%
Exceptional items	-	-	-	-	-	-

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	
	30/06/16	31/12/15	30/06/16	31/12/15
	\$'000	\$'000	\$'000	\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	100,110	97,713	-	-
Subsidiaries	-	-	127,271	127,229
Financial asset, available-for-sale	4,132	4,132	4,132	4,132
Intangible assets	25,348	23,810	-	-
Deferred income tax assets	2,122	2,506	-	-
Other receivables, deposits and prepayments	1,504	1,935	-	-
Total non-current assets	<u>133,216</u>	<u>130,096</u>	<u>131,403</u>	<u>131,361</u>
CURRENT ASSETS				
Inventories	105,820	98,924	-	-
Trade receivables	92,061	87,411	-	-
Receivable from subsidiaries	-	-	490	662
Dividends receivable from subsidiaries	-	-	400	4,127
Other receivables, deposits and prepayments	9,248	8,199	11	19
Receivable from an associated company	138	-	-	-
Tax recoverable	61	126	-	-
Cash and cash equivalents	15,388	14,719	4,462	3,667
Total current assets	<u>222,716</u>	<u>209,379</u>	<u>5,363</u>	<u>8,475</u>
Total assets	<u>355,932</u>	<u>339,475</u>	<u>136,766</u>	<u>139,836</u>
CURRENT LIABILITIES				
Trade payables	51,176	45,004	-	-
Other payables, accruals and provisions	27,334	28,997	219	381
Deferred gain	1,063	1,063	-	-
Borrowings	59,293	50,114	-	-
Income tax payable	2,889	2,510	3	3
Total current liabilities	<u>141,755</u>	<u>127,688</u>	<u>222</u>	<u>384</u>
NON-CURRENT LIABILITIES				
Deferred gain	266	797	-	-
Borrowings	851	1,786	-	-
Deferred income tax liabilities	3,037	3,600	-	-
Total non-current liabilities	<u>4,154</u>	<u>6,183</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>145,909</u>	<u>133,871</u>	<u>222</u>	<u>384</u>
NET ASSETS	<u>210,023</u>	<u>205,604</u>	<u>136,544</u>	<u>139,452</u>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	99,769	99,659	99,769	99,659
Foreign currency translation reserve	(25,784)	(25,961)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	50	(15)	50	(15)
Statutory reserve fund	1,769	1,622	-	-
Share option reserve	1,764	1,787	1,764	1,787
Retained profits	<u>128,172</u>	<u>124,194</u>	<u>34,961</u>	<u>38,021</u>
	208,085	203,631	136,544	139,452
Non-controlling interests	1,938	1,973	-	-
TOTAL EQUITY	<u>210,023</u>	<u>205,604</u>	<u>136,544</u>	<u>139,452</u>

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

Amount repayable in one year or less, or on demand

As at 30/06/16	
Secured \$'000	Unsecured \$'000
30,453	28,840

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

Amount repayable after one year

As at 30/06/16	
Secured \$'000	Unsecured \$'000
619	232

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 June 2016 are as follows:

		Secured \$'000	Unsecured \$'000	Total \$'000
	Note			
Bank overdrafts	(i)	23,815	545	24,360
Other short-term borrowings	(ii)	5,786	27,892	33,678
Finance lease	(iii)	313	-	313
Term Loans	(iv)	1,158	635	1,793
		<u>31,072</u>	<u>29,072</u>	<u>60,144</u>

(i) bank overdrafts of :-

- (a) \$23,384,000 is secured by mortgage over properties, pledged on the trade receivables and inventories of all subsidiaries of the Company in The Netherlands; and
- (b) \$431,000 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) \$494,000 is secured by exclusive charged on the entire present and future current and fixed assets of a subsidiary in India; and
- (b) \$664,000 is secured by machineries of certain subsidiaries in China.

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

	Group		Group	
	3 months ended		6 months ended	
	30/06/16	30/06/15	30/06/16	30/06/15
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit after tax	4,139	4,250	7,192	4,694
Adjustments for:				
Income tax expense	1,262	1,830	2,585	3,075
Exchange differences	(278)	(600)	(256)	207
Employee share option expense	42	94	42	188
Depreciation of property, plant and equipment	4,001	4,763	7,962	9,681
Loss/(Gain) on disposal of property, plant and equipment, net	(27)	(71)	(140)	(287)
Property, plant and equipment written off	4	1	9	49
Interest income	(49)	(46)	(91)	(89)
Interest expense	421	396	791	788
Amortisation of deferred gain	(266)	(266)	(531)	(531)
Amortisation of intangible assets	264	192	458	809
Operating cash flow before working capital changes	9,513	10,543	18,021	18,584
Changes in operating assets and liabilities :				
Inventories	(5,259)	(704)	(6,663)	(6,107)
Receivables	(256)	(5,773)	(5,047)	(8,194)
Payables	545	(2,776)	2,722	(3,511)
Associated company	(138)	-	(138)	-
Cash flows generated from operations	4,405	1,290	8,895	772
Tax paid	(1,781)	(1,214)	(2,330)	(1,998)
Interest paid	(428)	(390)	(799)	(773)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	2,196	(314)	5,766	(1,999)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	49	46	91	89
Additions of intangible assets	(1,109)	(230)	(2,013)	(774)
Purchase of property, plant and equipment (Note 1)	(5,913)	(3,447)	(8,685)	(5,434)
Proceeds from disposal of property, plant and equipment	39	116	208	262
NET CASH USED IN INVESTING ACTIVITIES	(6,934)	(3,515)	(10,399)	(5,857)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital	110	-	110	32
Repayment of finance lease liabilities	(66)	(105)	(150)	(210)
Repayment of short term bank borrowings	(27,105)	(16,329)	(51,823)	(26,032)
Repayment of term loans	(397)	(180)	(724)	(1,107)
Proceeds from short term bank borrowings	34,134	15,033	62,827	28,461
Proceeds from term loans	-	32	-	32
Dividend paid to shareholders	(3,039)	(4,047)	(3,039)	(4,047)
Withdrawal/(Placement) of fixed deposits pledged as securities	2	8	2	(14)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	3,639	(5,588)	7,203	(2,885)
Net (decrease)/increase in cash and cash equivalents	(1,099)	(9,417)	2,570	(10,741)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	(8,061)	(5,321)	(11,613)	(4,929)
Effect of exchange rate changes on cash and cash equivalents	74	684	(43)	1,616
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(9,086)	(14,054)	(9,086)	(14,054)

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		6 months ended	
	30/06/16	30/06/15	30/06/16	30/06/15
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents at end of the financial period comprise:				
Short term fund placed with a Malaysian financial institution	3,045	3,418	3,045	3,418
Deposits with licensed banks	3,951	179	3,951	179
Cash and bank balances	8,392	11,607	8,392	11,607
Bank overdrafts	(24,360)	(29,079)	(24,360)	(29,079)
	(8,972)	(13,875)	(8,972)	(13,875)
Less: Deposits pledged as securities	(114)	(179)	(114)	(179)
	(9,086)	(14,054)	(9,086)	(14,054)

Note 1 :

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$10,381,000 (30.06.2015: \$6,171,000) of which \$Nil (30.06.2015: \$Nil) was acquired by means of finance lease arrangement and \$1,696,000 (30.06.2015: \$737,000) was included in other payables at balance sheet date. Cash payments of \$8,685,000 (30.06.2015: \$5,434,000) were made to purchase these property, plant and equipment.

1(d) Consolidated statement of comprehensive income

	3 months ended		6 months ended	
	30/06/16	30/06/15	30/06/16	30/06/15
	\$'000	\$'000	\$'000	\$'000
<u>Statement of Comprehensive Income</u>				
Profit for the period	4,139	4,250	7,192	4,694
<i>Item that may be reclassified subsequently to income statement :</i>				
- Currency translation differences arising from consolidation	(836)	(3,489)	114	(4,203)
Total comprehensive income for the period	3,303	761	7,306	491
Attributable to:				
Equity holders of the Company	3,287	674	7,341	346
Non-controlling interests	16	87	(35)	145
Total comprehensive income for the period	3,303	761	7,306	491

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 June 2016 and 30 June 2015

	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	Retained Profits \$'000	Total \$'000	Non-Controlling Interests \$'000
The Group									
At 1 April 2016	99,659	(24,967)	2,345	(15)	1,689	1,787	127,187	207,685	1,922
Profit for the quarter	-	-	-	-	-	-	4,104	4,104	35
Other comprehensive income/(loss):									
Currency translation differences arising from consolidation	-	(817)	-	-	-	-	-	(817)	(19)
Total comprehensive income/(loss) for the quarter	-	(817)	-	-	-	-	4,104	3,287	16
<i>Transactions with owners recognised directly in equity</i>									
Transfer to statutory reserve fund	-	-	-	-	80	-	(80)	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	42	-	42	-
- Issue of share capital	110	-	-	65	-	(65)	-	110	-
Dividend Paid	-	-	-	-	-	-	(3,039)	(3,039)	-
	110	-	-	65	80	(23)	(3,119)	(2,887)	-
At 30 June 2016	99,769	(25,784)	2,345	50	1,769	1,764	128,172	208,085	1,938
At 1 April 2015	99,659	(17,993)	2,345	(15)	1,090	1,675	119,953	206,714	1,597
Profit for the quarter	-	-	-	-	-	-	4,125	4,125	125
Other comprehensive income/(loss):									
Currency translation differences arising from consolidation	-	(3,451)	-	-	-	-	-	(3,451)	(38)
Total comprehensive income/(loss) for the quarter	-	(3,451)	-	-	-	-	4,125	674	87
<i>Transactions with owners recognised directly in equity</i>									
Transfer to/(from) statutory reserve fund	-	-	-	-	364	-	(364)	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	94	-	94	-
Dividend paid	-	-	-	-	-	-	(4,047)	(4,047)	-
	-	-	-	-	364	94	(4,411)	(3,953)	-
At 30 June 2015	99,659	(21,444)	2,345	(15)	1,454	1,769	119,667	203,435	1,684
	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	Retained Profits \$'000	Total \$'000	
The Company									
At 1 April 2016	99,659	-	-	(15)	-	1,787	37,987	139,418	
Total comprehensive income for the quarter	-	-	-	-	-	-	13	13	
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Value of employee services	-	-	-	-	-	42	-	42	
- Issue of share capital	110	-	-	65	-	(65)	-	110	
Dividend paid	-	-	-	-	-	-	(3,039)	(3,039)	
	110	-	-	65	-	(23)	(3,039)	(2,887)	
At 30 June 2016	99,769	-	-	50	-	1,764	34,961	136,544	
At 1 April 2015	99,659	-	-	(15)	-	1,675	45,044	146,363	
Total comprehensive income for the quarter	-	-	-	-	-	-	850	850	
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Value of employee services	-	-	-	-	-	94	-	94	
Dividend paid	-	-	-	-	-	-	(4,047)	(4,047)	
	-	-	-	-	-	94	(4,047)	(3,953)	
At 30 June 2015	99,659	-	-	(15)	-	1,769	41,847	143,260	

(b) Statement of changes in equity for the half year ended 30 June 2016 and 30 June 2015

	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	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	-	-	-	-	-	-	7,164	7,164	28	7,192
Other comprehensive income/(loss): Currency translation differences arising from consolidation	-	177	-	-	-	-	-	177	(63)	114
Total comprehensive income/(loss) for the period	-	177	-	-	-	-	7,164	7,341	(35)	7,306
<i>Transactions with owners recognised directly in equity</i>										
Transfer to statutory reserve fund	-	-	-	-	147	-	(147)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	42	-	42	-	42
- Issue of share capital	110	-	-	65	-	(65)	-	110	-	110
Dividend Paid	-	-	-	-	-	-	(3,039)	(3,039)	-	(3,039)
	110	-	-	65	147	(23)	(3,186)	(2,887)	-	(2,887)
At 30 June 2016	99,769	(25,784)	2,345	50	1,769	1,764	128,172	208,085	1,938	210,023
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	-	-	-	-	-	-	4,564	4,564	130	4,694
Other comprehensive income/(loss): Currency translation differences arising from consolidation	-	(4,218)	-	-	-	-	-	(4,218)	15	(4,203)
Total comprehensive income/(loss) for the period	-	(4,218)	-	-	-	-	4,564	346	145	491
<i>Transactions with owners recognised directly in equity</i>										
Transfer to/(from) statutory reserve fund	-	-	-	-	412	-	(412)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	188	-	188	-	188
- Issue of share capital	32	-	-	12	-	(12)	-	32	-	32
Transfer arising from forfeited share options	-	-	-	-	-	(28)	28	-	-	-
Dividend Paid	-	-	-	-	-	-	(4,047)	(4,047)	-	(4,047)
	32	-	-	12	412	148	(4,431)	(3,827)	-	(3,827)
At 30 June 2015	99,659	(21,444)	2,345	(15)	1,454	1,769	119,667	203,435	1,684	205,119
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	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	-	-	-	-	-	-	(21)	(21)		
<i>Transactions with owners recognised directly in equity</i>										
Employee share option scheme - Value of employee services	-	-	-	-	-	42	-	42		
- Issue of share capital	110	-	-	65	-	(65)	-	110		
Dividend paid	-	-	-	-	-	-	(3,039)	(3,039)		
	110	-	-	65	-	(23)	(3,039)	(2,887)		
At 30 June 2016	99,769	-	-	50	-	1,764	34,961	136,544		
At 1 January 2015	99,627	-	-	(27)	-	1,621	45,117	146,338		
Total comprehensive income for the period	-	-	-	-	-	-	777	777		
<i>Transactions with owners recognised directly in equity</i>										
Employee share option scheme - Value of employee services	-	-	-	-	-	188	-	188		
- Issue of share capital	32	-	-	12	-	(12)	-	32		
Reversal arising from forfeited share options	-	-	-	-	-	(28)	-	(28)		
Dividend paid	-	-	-	-	-	-	(4,047)	(4,047)		
	32	-	-	12	-	148	(4,047)	(3,855)		
At 30 June 2015	99,659	-	-	(15)	-	1,769	41,847	143,260		

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

On 1 April 2016, the Company granted 3,000,000 options pursuant to Frencken Group Limited's Employee Share Option Scheme 2008 at exercise price of \$0.184 per share ("2016 Options"). The 2016 Options are exercisable from 1 April 2018 and expire on 31 March 2026.

During the quarter, the Company issued 40,000 and 500,000 new ordinary shares pursuant to the Company's employee share option scheme at the exercise price of \$0.168 and \$0.208 each respectively. There are no treasury shares held as at the end of the current quarter.

	Total number of issued shares as at	
	30/06/16	30/06/15
Number of issued shares	405,202,409	404,662,409
Number of treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>405,202,409</u>	<u>404,662,409</u>

Share options

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

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 1.4.2016	Granted during the period	Forfeited during the period	Exercised during the period	As at 30.6.2016		
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)	3,864,000	0	0	(40,000)	3,824,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	5,325,000	0	0	0	5,325,000	\$0.224	1.12.2012 - 30.11.2020
7.10.2013 (2013 Option)	5,700,000	0	0	(500,000)	5,200,000	\$0.208	7.10.2015 - 6.10.2023
1.4.2016 (2016 Option)	0	3,000,000	0	0	3,000,000	\$0.184	1.4.2018 - 31.3.2026
	<u>17,635,000</u>	<u>3,000,000</u>	<u>0</u>	<u>(540,000)</u>	<u>20,095,000</u>		

	Total number of shares as at	
	30/06/16	30/06/15
Total number of shares that may be issued on exercise of share options outstanding	<u>20,095,000</u>	<u>18,245,000</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	
	30/06/16	31/12/15
Total number of issued shares excluding treasury shares	<u>405,202,409</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 6 months ended	
	30/06/16	30/06/15	30/06/16	30/06/15
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)	1.01	1.02	1.77	1.13
- Weighted average number of shares (in thousand)	405,032	404,662	404,847	404,582
(ii) On a fully diluted basis (in cents)	1.01	1.02	1.76	1.12
- Adjusted weighted average number of shares (in thousand)	407,919	406,236	406,666	406,231

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	
	30/06/16	31/12/15	30/06/16	31/12/15
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	51.35	50.32	33.70	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 30.06.2016 of 405,202,409 (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	1H	3Q	4Q	Full Year
FY2016 (S\$'000)	114,017	120,513	234,530	-	-	-
FY2015 (S\$'000)	111,681	116,924	228,605	107,667	103,108	439,380
yoy (%)	2.1	3.1	2.6	N.M.	N.M.	N.M.

For the 3 months ended 30 June 2016 ("2Q16"), Group revenue increased 3.1% year-on-year (yoy) to S\$120.5 million. On a quarter-on-quarter (qoq) basis, Group revenue increased 5.7% from S\$114.0 million in 1Q16. Group revenue improved due to increased sales of both the Mechatronics and IMS Divisions.

For the 6 months ended 30 June 2016 ("1H16"), Group revenue increased 2.6% yoy to S\$234.5 million due to higher sales contribution from the Mechatronics Division.

Revenue breakdown by Business Segment

Sales	2Q16	2Q15	yoy	1Q16	qoq	1H16	1H15	yoy
	S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
MECHATRONICS DIVISION								
Semiconductor	20,261	18,328	10.5	19,939	1.6	40,200	36,606	9.8
Medical	16,260	13,808	17.8	16,156	0.6	32,416	29,573	9.6
Analytical	21,798	21,329	2.2	19,596	11.2	41,394	41,942	(1.3)
Industrial Automation	16,085	17,958	(10.4)	14,332	12.2	30,417	29,107	4.5
Others	4,366	4,976	(12.3)	3,732	17.0	8,098	8,942	(9.4)
Mechatronics Total	78,770	76,399	3.1	73,755	6.8	152,525	146,170	4.3
IMS DIVISION								
Automotive	31,710	29,399	7.9	31,059	2.1	62,769	59,133	6.1
Office Automation	992	2,448	(59.5)	868	14.3	1,860	5,931	(68.6)
Consumer & Industrial Electronics	5,133	5,822	(11.8)	5,286	(2.9)	10,419	11,270	(7.6)
Others	209	434	(51.8)	115	81.7	324	702	(53.8)
Tooling	3,695	2,417	52.9	2,930	26.1	6,625	5,389	22.9
IMS Total	41,739	40,520	3.0	40,258	3.7	81,997	82,425	(0.5)

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

Revenue at the Mechatronics Division increased 3.1% yoy to S\$78.8 million in 2Q16. This was due mainly to higher sales from the semiconductor and medical segments which were partially offset by lower sales of the industrial automation segment.

The higher sales from the semiconductor segment in 2Q16 can be attributed mainly to increased orders from a customer of front-end semiconductor equipment. Sales of the medical segment increased due mainly to higher sales to a multinational customer in the healthcare industry. Sales of the industrial automation segment, which is typically lumpy in nature, were lower in 2Q16 due primarily to the division's exit from the pharmaceutical packaging equipment business.

Revenue at the IMS Division increased 3.0% yoy to S\$41.7 million in 2Q16. While sales derived from the automotive segment improved by 7.9% yoy, this was partially offset by lower sales of the office automation segment due principally to cessation of sales of mail facilitating products at the end of June 2015.

Gross Profit Margin

The Group reported a relatively stable gross profit of S\$18.4 million in 2Q16, compared to S\$18.5 million in 2Q15. Gross profit margin in 2Q16 was 15.2%, a decrease from 15.8% in 2Q15 and unchanged from 1Q16.

For 1H16, the Group's gross profit increased 7.4% yoy to S\$35.7 million resulting in an expansion of gross profit margin to 15.2% from 14.6% in 1H15.

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

Other income, net of other operating expenses, was stable at S\$1.1 million in 2Q16 as compared to 2Q15.

For 1H16, other income, net of other operating expenses, decreased 16.5% yoy to S\$1.4 million due mainly to higher net foreign exchange losses.

Selling and Administrative Expenses

Selling and distribution expenses in 2Q16 decreased 8.3% yoy to S\$2.7 million, attributable to reductions in sales commission and freight costs. Administrative and general expenses increased 7.4% yoy to S\$10.9 million in 2Q16 due mainly to consultancy and recruitment cost incurred by IMS division.

Finance Costs

Finance costs were relatively stable at S\$0.4 million in 2Q16 as compared to 2Q15.

Group Profit before Income Tax

The Group recorded profit before income tax of S\$5.4 million in 2Q16, a decline of 11.2% yoy from S\$6.1 million in 2Q15.

Group Net Profit Attributable to Equity Holders of the Company

	1Q	2Q	1H	3Q	4Q	Full Year
FY2016 (S\$'000)	3,060	4,104	7,164	-	-	-
FY2015 (S\$'000)	439	4,125	4,564	3,787*	870 [#]	9,221
yoy (%)	597.0	(0.5)	57.0	N.M.	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\$1.3 million, the Group reported a stable net profit attributable to equity holders (PATMI) of S\$4.1 million in 2Q16 as compared to 2Q15. On a qoq basis, this represented an increase of 34.1% from S\$3.1 million in 1Q16.

For 1H16, the Group's net profit attributable to equity holders increased 57.0% yoy to S\$7.2 million. The Mechatronics Division registered a 19.6% yoy increase in net profit to S\$7.1 million in 1H16. The IMS Division reversed its net loss of S\$1.2 million in 1H15 to record a net profit of S\$74,000 in 1H16.

Balance Sheet

As at 30 June 2016, the Group had shareholders' equity of S\$208.1 million, equivalent to net asset value of 51.35 cents per share based on the total number of issued shares of 405.2 million shares.

Total assets as at 30 June 2016 increased to S\$355.9 million from S\$339.5 million at the end of December 2015. Cash and cash equivalents increased to S\$15.4 million from S\$14.7 million as at 31 December 2015. Inventories increased to S\$105.8 million from S\$98.9 million at the end of FY2015 to meet the fulfillment of orders to customers. Trade receivables increased to S\$92.1 million as at 30 June 2016 from S\$87.4 million as at 31 December 2015.

Trade payables increased to S\$51.2 million as at 30 June 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\$44.7 million as at 30 June 2016, compared to S\$37.2 million at the end of FY2015. As a result, the Group's net debt-to-equity ratio increased to 21.5% from 18.3% as at 31 December 2015.

Cash Flow Analysis

The Group generated net cash from operating activities of S\$5.8 million in 1H16. Net cash used in investing activities amounted to S\$10.4 million in 1H16, attributable mainly to capital expenditure and additions of intangible assets. The Group generated net cash of S\$7.2 million from financing activities in 1H16, 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\$2.6 million in 1H16. When added to its opening cash and cash equivalents of minus S\$11.6 million at the beginning of FY2016 and after accounting for the negative effect of 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\$9.1 million as at 30 June 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 2Q16 are in line with the guidance provided in its financial statements posted on the SGX website on 12 May 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 stable in the second half of 2016. Some segments served by the Group are expected to experience more challenging conditions in view of the cyclical nature of these segments and the generally cautious environment as a result of prevailing global economic uncertainties.

To work towards its goal of profitable growth, the Group is focusing on driving operational excellence at the Group's two business divisions, leveraging the Group's advanced manufacturing capabilities and global network of production facilities, and improving its organizational and cost structures.

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

Mechatronics Division

Based on current indicators, revenue of the semiconductor and analytical segments are expected to be satisfactory in 3Q16 as compared to 3Q15. Revenue of the industrial automation segment in 3Q16 is also expected to be satisfactory due to demand for production equipment for enterprise storage drives.

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 court and win business from its identified pool of global customers.

IMS Division

Based on current indicators, the automotive segment is expected to grow in 3Q16 as compared to 3Q15. Revenue contribution from the office automation segment will be lower yoy in 3Q16. The division's strategy is to grow industrial products and shift away from consumer products.

The Group will continue to enhance the IMS Division's automotive segment by making appropriate capital investments to expand production capacity and capabilities.

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	
	30/6/16	30/6/15
Not applicable	-	-

18. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

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

BY ORDER OF THE BOARD

Mohamad Anwar Au
Executive Director
10-Aug-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 second 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 August 2016