



**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**

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		
	30/06/13 \$'000	30/06/12 \$'000	% Change	30/06/13 \$'000	30/06/12 \$'000	% Change
Revenue	108,469	92,679	17.0%	215,709	182,393	18.3%
Cost of sales	(91,556)	(84,335)	8.6%	(183,654)	(166,056)	10.6%
Gross profit	16,913	8,344	102.7%	32,055	16,337	96.2%
Other income	1,618	950	70.3%	3,323	2,089	59.1%
Selling and distribution expenses	(2,802)	(2,196)	27.6%	(5,393)	(4,571)	18.0%
Administrative and general expenses	(9,357)	(5,075)	84.4%	(18,309)	(9,746)	87.9%
Other operating expenses	(233)	(160)	45.6%	(533)	(1,000)	-46.7%
Interest income	70	25	180.0%	121	47	157.4%
Finance costs	(614)	(222)	176.6%	(1,253)	(326)	284.4%
Profit before income tax and exceptional item	5,595	1,666	235.8%	10,011	2,830	253.7%
Exceptional item ( <b>Note 1</b> )	-	(518)	N.M.	-	(518)	N.M.
Profit before income tax	5,595	1,148	387.4%	10,011	2,312	333.0%
Income tax expense	(1,445)	(918)	57.4%	(2,621)	(1,798)	45.8%
Total profit	4,150	230	1704.3%	7,390	514	1337.7%
Profit attributable to:						
Equity holders of the Company	4,089	213	1819.7%	7,242	482	1402.5%
Non-controlling interests	61	17	258.8%	148	32	362.5%
	4,150	230	1704.3%	7,390	514	1337.7%

**Note 1**

This was in respect of the expenses incurred in relation to the acquisition of Juken Technology Limited.

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		
	30/06/13	30/06/12	%	30/06/13	30/06/12	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
<b>Profit for the period/year is arrived at after charging/(crediting) :-</b>						
Investment income	-	-	-	-	-	-
Other income including interest income	(1,688)	(975)	73.1%	(3,444)	(2,136)	61.2%
Interest on borrowings	614	222	176.6%	1,253	326	284.4%
Depreciation of property, plant and equipment	5,043	3,076	63.9%	9,939	6,202	60.3%
Amortisation of deferred gain	(266)	(266)	0.0%	(532)	(532)	0.0%
Amortisation of intangible assets	447	58	670.7%	874	103	748.5%
(Write-back)/Allowance for doubtful debts and bad debts written off	1	-	N.M.	1	-	N.M.
(Write back)/Allowance for inventory obsolescence	2	(243)	N.M.	(15)	(26)	-42.3%
Impairment in value of investments	-	-	-	-	-	-
Foreign exchange (gain)/ loss, net	(566)	79	N.M.	(984)	682	N.M.
Adjustments for (over)/ under provision of tax in respect of prior years	(2)	-	N.M.	(3)	-	N.M.
(Gain)/Loss on disposal of property, plant and equipment	81	(106)	N.M.	(135)	(146)	-7.5%
Property, plant and equipment written off	15	1	1400.0%	79	1	7800.0%
Exceptional item						
- Acquisition expenses for acquisition of subsidiary	-	518	N.M.	-	518	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	
	30/06/13 \$'000	31/12/12 \$'000	30/06/13 \$'000	31/12/12 \$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	111,891	111,477	-	-
Investments in subsidiaries	-	-	122,667	122,696
Financial asset, available-for-sale	5,310	5,310	5,310	5,310
Intangible assets	17,988	17,847	-	-
Deferred income tax assets	1,136	1,135	-	-
Other receivables, deposits and prepayments	3,405	3,540	-	-
	<u>139,730</u>	<u>139,309</u>	<u>127,977</u>	<u>128,006</u>
<b>CURRENT ASSETS</b>				
Inventories	88,951	82,024	-	-
Trade receivables	92,051	75,390	-	-
Receivables from subsidiaries	-	-	11,338	9,342
Dividends receivable from subsidiaries	-	-	-	3,161
Other receivables, deposits and prepayments	8,366	7,439	27	42
Tax recoverable	1,530	1,332	-	-
Cash and cash equivalents	46,484	50,285	27,791	30,226
	<u>237,382</u>	<u>216,470</u>	<u>39,156</u>	<u>42,771</u>
Total assets	377,112	355,779	167,133	170,777
<b>CURRENT LIABILITIES</b>				
Trade payables	49,250	40,342	-	-
Other payables, accruals and provisions	26,916	28,549	258	1,462
Deferred gain	1,063	1,063	-	-
Borrowings	61,432	48,110	9,000	-
Income tax payable	1,496	1,476	8	6
	<u>140,157</u>	<u>119,540</u>	<u>9,266</u>	<u>1,468</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred gain	3,455	3,987	-	-
Borrowings	31,362	40,490	27,000	36,054
Deferred income tax liabilities	3,500	3,756	-	-
	<u>38,317</u>	<u>48,233</u>	<u>27,000</u>	<u>36,054</u>
Total liabilities	<u>178,474</u>	<u>167,773</u>	<u>36,266</u>	<u>37,522</u>
<b>NET ASSETS</b>	<u>198,638</u>	<u>188,006</u>	<u>130,867</u>	<u>133,255</u>
<b>EQUITY</b>				
Capital and reserves attributable to the Company's equity holders				
Share capital	99,538	99,538	99,538	99,538
Treasury shares	(1,803)	(1,903)	(1,803)	(1,903)
Foreign currency translation reserve	(8,791)	(13,914)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	(118)	(112)	(118)	(112)
Statutory reserve fund	546	554	-	-
Share option reserve	1,779	1,835	1,779	1,835
Retained profits	103,797	98,499	31,471	33,897
	<u>197,293</u>	<u>186,842</u>	<u>130,867</u>	<u>133,255</u>
Non-controlling interests	1,345	1,164	-	-
<b>TOTAL EQUITY</b>	<u>198,638</u>	<u>188,006</u>	<u>130,867</u>	<u>133,255</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 30/06/13	
Secured \$'000	Unsecured \$'000
39,911	21,521

As at 31/12/12	
Secured \$'000	Unsecured \$'000
29,363	18,747

**Amount repayable after one year**

As at 30/06/13	
Secured \$'000	Unsecured \$'000
30,471	891

As at 31/12/12	
Secured \$'000	Unsecured \$'000
39,373	1,117

**Details of any collateral**

Details of the borrowings of the Group and the Company and its securities as at 30 June 2013 are as follows:

	Note	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	27,903	163	28,066
Other short-term borrowings		-	19,922	19,922
Finance lease	(ii)	3,562	-	3,562
Term Loans	(iii)	38,917	2,327	41,244
		<u>70,382</u>	<u>22,412</u>	<u>92,794</u>

(i) bank overdrafts of :-

- (a) \$27,778,000 is secured by mortgage over a property, pledged on the trade receivables and inventories of all subsidiaries of the Company in The Netherlands; and
- (b) \$125,000 is secured over first charge on the entire present and future fixed assets of a subsidiary in India and properties of a subsidiary in Malaysia.

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

(iii) Term loans of :-

- (a) \$36,000,000 is secured by a charge over the shares of Juken Technology Limited;
- (b) \$1,141,000 is secured by properties of a subsidiary in Malaysia;
- (c) \$748,000 is secured by first charge on the entire present and future fixed assets of a subsidiary in India; and
- (d) \$1,028,000 is secured by machineries of a subsidiary in China and a personal guarantee from a director of subsidiary.

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 6 months ended	
	30/06/13 \$ '000	30/06/12 \$ '000	30/06/13 \$ '000	30/06/12 \$ '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Total profit</b>	4,150	230	7,390	514
Adjustments for:				
Income tax expense	1,445	918	2,621	1,798
Exchange differences	52	237	302	259
Employee share option expense	-	120	-	257
Depreciation of property, plant and equipment	5,043	3,076	9,939	6,202
Loss/(Gain) on disposal of property, plant and equipment, net	81	(106)	(135)	(146)
Property, plant and equipment written off	15	1	79	1
Interest income	(70)	(25)	(121)	(47)
Interest expense	614	222	1,253	326
Amortisation of deferred gain	(266)	(266)	(532)	(532)
Amortisation of intangible assets	447	58	874	103
Operating cash flow before working capital changes	11,511	4,465	21,670	8,735
<b>Changes in operating assets and liabilities :</b>				
Inventories	(6,248)	(4,031)	(5,775)	(7,267)
Receivables	3,641	510	(16,234)	(5,476)
Payables	3,669	7,100	5,775	10,918
<b>Cash flows generated from operations</b>	12,573	8,044	5,436	6,910
Tax paid	(1,502)	(1,019)	(2,597)	(1,723)
Tax refunded	-	-	1	-
Interest paid	(614)	(222)	(1,253)	(326)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	10,457	6,803	1,587	4,861
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	70	25	121	47
Addition of deferred development costs	(678)	(168)	(944)	(256)
Purchase of property, plant and equipment <b>(Note 1)</b>	(3,842)	(3,389)	(6,629)	(6,122)
Proceeds from disposal of property, plant and equipment	341	148	686	188
Acquisition of a subsidiary, net of cash acquired <b>(Note 2)</b>	-	-	-	(3,284)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(4,109)	(3,384)	(6,766)	(9,427)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from re-issuance of treasury shares	67	15	67	15
Repayment of finance lease liabilities	(776)	(10)	(1,220)	(171)
Repayment of short term borrowings	(22,588)	(29,071)	(44,081)	(54,560)
Repayment of term loans	(1,285)	-	(3,132)	-
Proceeds from short term borrowings	24,445	33,954	47,716	58,542
Proceeds from term loans	468	-	2,404	-
Dividend paid to shareholders	(1,981)	(2,246)	(1,981)	(2,246)
Withdrawal of deposits pledged as securities	18,166	-	18,047	-
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	16,516	2,642	17,820	1,580
Net increase/(decrease) in cash and cash equivalents	22,864	6,061	12,641	(2,986)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD / YEAR</b>	(5,122)	23,556	5,498	32,675
Effect of exchange rate changes on cash and cash equivalents	472	(411)	75	(483)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	18,214	29,206	18,214	29,206

**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	
	30/06/13	30/06/12	30/06/13	30/06/12
	\$ '000	\$ '000	\$ '000	\$ '000
<b>Cash and cash equivalents at end of the financial period comprise:</b>				
Short term fund placed with a Malaysian financial institution	17	16	17	16
Deposits with licensed banks	26,094	4,112	26,094	4,112
Cash and bank balances	20,373	38,206	20,373	38,206
Bank overdrafts	(28,066)	(13,128)	(28,066)	(13,128)
	18,418	29,206	18,418	29,206
Less: Deposits pledge as securities	(204)	-	(204)	-
	18,214	29,206	18,214	29,206

**Note 1 : Purchase of property, plant and equipment**

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$7,593,000 (30.06.2012: \$6,490,000) of which \$444,000 (30.06.2012: \$175,000) was acquired by means of finance lease arrangement and \$520,000 (30.06.2012: \$193,000) included in other payables at balance sheet date. Cash payments of \$6,629,000 (30.06.2012: \$6,122,000) were made to purchase these property, plant and equipment.

**Note 2 :**

On 17 January 2012, the Group acquired 80% equity interest in Frencken America Inc. ("FA") (formerly known as US Motion Inc.) for a cash consideration of \$3,484,000.

The fair values of the identifiable assets and liabilities assumed of FA as at the date of acquisition were as follows:

	<b>\$ '000</b>
Property, plant and equipment	661
Inventories	1,153
Trade receivables	724
Cash and cash equivalents	200
Trade and other payables	(526)
Bank borrowings	(992)
Identifiable net assets acquired	1,220
Less: Non-controlling interest at fair value	(244)
Add: Goodwill arising from acquisition	2,508
Consideration transferred to the business	3,484

**Purchase consideration**

Cash paid	3,484
Contingent consideration	-
Total purchase consideration	3,484

**The effect of the acquisition on cash flow was as follows:**

Cash paid (as above)	3,484
Less : Cash and cash equivalents in subsidiary acquired	(200)
Net cash outflow on acquisition	3,284

**1(d) Consolidated statement of comprehensive income**

	3 months ended		6 months ended	
	30/06/13	30/06/12	30/06/13	30/06/12
	\$ '000	\$ '000	\$ '000	\$ '000
<b>Statement of Comprehensive Income</b>				
Total profit	4,150	230	7,390	514
Other comprehensive income/(expense) for the period :				
- Currency translation differences	3,410	(3,617)	5,156	(3,766)
Total comprehensive income/(expense) for the period	7,560	(3,387)	12,546	(3,252)
Attributable to:				
Equity holders of the Company	7,493	(3,406)	12,365	(3,270)
Non-controlling interests	67	19	181	18
Total comprehensive income/(expense) for the period	7,560	(3,387)	12,546	(3,252)

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 2013 and 30 June 2012**

	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
<b>The Group</b>											
At 1 April 2013	99,538	(1,903)	(12,195)	2,345	(112)	554	1,835	101,652	191,714	1,278	192,992
Profit for the quarter	-	-	-	-	-	-	-	4,089	4,089	61	4,150
Other comprehensive income:											
Currency translation differences arising from consolidation	-	-	3,404	-	-	-	-	-	3,404	6	3,410
Total comprehensive income for the quarter	-	-	3,404	-	-	-	-	4,089	7,493	67	7,560
Transfer to statutory reserve fund	-	-	-	-	-	(8)	-	8	-	-	-
Employee share option scheme - Treasury shares re-issued	-	100	-	-	(6)	-	(27)	-	67	-	67
Transfer arising from forfeited share options	-	-	-	-	-	-	(29)	29	-	-	-
Dividend paid	-	-	-	-	-	-	-	(1,981)	(1,981)	-	(1,981)
At 30 June 2013	99,538	(1,803)	(8,791)	2,345	(118)	546	1,779	103,797	197,293	1,345	198,638
At 1 April 2012	90,552	(1,998)	(9,095)	2,345	(102)	498	1,584	112,851	196,635	243	196,878
Profit for the quarter	-	-	-	-	-	-	-	213	213	17	230
Other comprehensive (expense)/income:											
Currency translation differences arising from consolidation	-	-	(3,619)	-	-	-	-	-	(3,619)	2	(3,617)
Total comprehensive (expense)/income for the quarter	-	-	(3,619)	-	-	-	-	213	(3,406)	19	(3,387)
Transfer to statutory reserve fund	-	-	-	-	-	56	-	(56)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	120	-	120	-	120
- Treasury shares re-issued	-	23	-	-	(1)	-	(7)	-	15	-	15
Transfer arising from forfeited share options	-	-	-	-	-	-	(7)	7	-	-	-
Dividend paid	-	-	-	-	-	-	-	(2,246)	(2,246)	-	(2,246)
At 30 June 2012	90,552	(1,975)	(12,714)	2,345	(103)	554	1,690	110,769	191,118	262	191,380
	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		
<b>The Company</b>											
At 1 April 2013	99,538	(1,903)	-	-	(112)	-	1,835	33,674	133,032		
Total comprehensive expense for the quarter	-	-	-	-	-	-	-	(222)	(222)		
Employee share option scheme - Treasury shares re-issued	-	100	-	-	(6)	-	(27)	-	67		
Reversal arising from forfeited share options	-	-	-	-	-	-	(29)	-	(29)		
Dividend paid	-	-	-	-	-	-	-	(1,981)	(1,981)		
At 30 June 2013	99,538	(1,803)	-	-	(118)	-	1,779	31,471	130,867		
At 1 April 2012	90,552	(1,998)	-	-	(102)	-	1,584	15,113	105,149		
Total comprehensive income for the quarter	-	-	-	-	-	-	-	19,512	19,512		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	120	-	120		
- Treasury shares re-issued	-	23	-	-	(1)	-	(7)	-	15		
Reversal arising from forfeited share options	-	-	-	-	-	-	(7)	-	(7)		
Dividend paid	-	-	-	-	-	-	-	(2,246)	(2,246)		
At 30 June 2012	90,552	(1,975)	-	-	(103)	-	1,690	32,379	122,543		

**(b) Statement of changes in equity for the half year ended 30 June 2013 and 30 June 2012**

	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
<b>The Group</b>											
At 1 January 2013	99,538	(1,903)	(13,914)	2,345	(112)	554	1,835	98,499	186,842	1,164	188,006
Profit for the period	-	-	-	-	-	-	-	7,242	7,242	148	7,390
Other comprehensive income:											
Currency translation differences arising from consolidation	-	-	5,123	-	-	-	-	-	5,123	33	5,156
Total comprehensive income for the financial period	-	-	5,123	-	-	-	-	7,242	12,365	181	12,546
Transfer to statutory reserve fund	-	-	-	-	-	(8)	-	8	-	-	-
Employee share option scheme - Treasury shares re-issued	-	100	-	-	(6)	-	(27)	-	67	-	67
Transfer arising from forfeited share options	-	-	-	-	-	-	(29)	29	-	-	-
Dividend paid	-	-	-	-	-	-	-	(1,981)	(1,981)	-	(1,981)
At 30 June 2013	<u>99,538</u>	<u>(1,803)</u>	<u>(8,791)</u>	<u>2,345</u>	<u>(118)</u>	<u>546</u>	<u>1,779</u>	<u>103,797</u>	<u>197,293</u>	<u>1,345</u>	<u>198,638</u>
At 1 January 2012	90,552	(1,998)	(8,962)	2,345	(102)	506	1,447	112,574	196,362	-	196,362
Profit for the period	-	-	-	-	-	-	-	482	482	32	514
Other comprehensive expense:											
Currency translation differences arising from consolidation	-	-	(3,752)	-	-	-	-	-	(3,752)	(14)	(3,766)
Total comprehensive (expense)/ income for the financial period	-	-	(3,752)	-	-	-	-	482	(3,270)	18	(3,252)
Transfer to statutory reserve fund	-	-	-	-	-	48	-	(48)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	257	-	257	-	257
- Treasury shares re-issued	-	23	-	-	(1)	-	(7)	-	15	-	15
Transfer arising from forfeited share options	-	-	-	-	-	-	(7)	7	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	244	244
Dividend paid	-	-	-	-	-	-	-	(2,246)	(2,246)	-	(2,246)
At 30 June 2012	<u>90,552</u>	<u>(1,975)</u>	<u>(12,714)</u>	<u>2,345</u>	<u>(103)</u>	<u>554</u>	<u>1,690</u>	<u>110,769</u>	<u>191,118</u>	<u>262</u>	<u>191,380</u>
<b>Attributable to equity holders of the Company</b>											
	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		
<b>The Company</b>											
At 1 January 2013	99,538	(1,903)	-	-	(112)	-	1,835	33,897	133,255		
Total comprehensive expense for the financial period	-	-	-	-	-	-	-	(445)	(445)		
Employee share option scheme - Treasury share re-issued	-	100	-	-	(6)	-	(27)	-	67		
Reversal arising from forfeited share options	-	-	-	-	-	-	(29)	-	(29)		
Dividend paid	-	-	-	-	-	-	-	(1,981)	(1,981)		
At 30 June 2013	<u>99,538</u>	<u>(1,803)</u>	<u>-</u>	<u>-</u>	<u>(118)</u>	<u>-</u>	<u>1,779</u>	<u>31,471</u>	<u>130,867</u>		
At 1 January 2012	90,552	(1,998)	-	-	(102)	-	1,447	15,159	105,058		
Total comprehensive income for the financial period	-	-	-	-	-	-	-	19,466	19,466		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	257	-	257		
- Treasury shares re-issued	-	23	-	-	(1)	-	(7)	-	15		
Reversal arising from forfeited share options	-	-	-	-	-	-	(7)	-	(7)		
Dividend paid	-	-	-	-	-	-	-	(2,246)	(2,246)		
At 30 June 2012	<u>90,552</u>	<u>(1,975)</u>	<u>-</u>	<u>-</u>	<u>(103)</u>	<u>-</u>	<u>1,690</u>	<u>32,379</u>	<u>122,543</u>		



**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 re-issued 400,000 treasury shares pursuant to the Company's employee share option scheme at the exercise price of \$0.168 each. The cost of the treasury shares re-issued amounted to \$99,840. The number of treasury shares held as at the end of current quarter was 7,221,000 shares.

	Total number of issued shares as at	
	30/06/13	30/06/12
Number of issued shares	403,918,409	376,184,325
Number of treasury shares	(7,221,000)	(7,911,000)
Total number of issued shares excluding treasury shares	396,697,409	368,273,325

Share options

The movement of share options of the Company during the period from 1 April 2013 to 30 June 2013 is as follows:

Date of grant	Number of ordinary shares under option					Exercise Price	Exercise period
	As at 01.04.2013	Granted during the period	Forfeited during the period	Exercised during the period	As at 30.06.2013		
1.12.2008 (2008 Option)	5,740,000	-	-	-	5,740,000	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	7,460,000	-	(140,000)	(400,000)	6,920,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	8,200,000	-	(160,000)	-	8,040,000	\$0.224	1.12.2012 - 30.11.2020
	21,400,000	-	(300,000)	(400,000)	20,700,000		

	Total number of shares as at	
	30/06/13	30/06/12
Total number of shares that may be issued on exercise of share options outstanding	20,700,000	22,330,000

**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	
	30/06/13	31/12/12
Total number of issued shares excluding treasury shares	396,697,409	396,297,409

**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.**

During the quarter, the Company re-issued 400,000 treasury shares pursuant to the Company's employee share option scheme. The cost of the treasury shares re-issued amounted to \$99,840.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited and 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 2013.

**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	
	30/06/13	30/06/12	30/06/13	30/06/12
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)	1.03	0.06	1.83	0.13
- Weighted average number of shares (in thousand)	396,473	368,199	396,386	368,191
(ii) On a fully diluted basis (in cents)	1.03	0.06	1.82	0.13
- Adjusted weighted average number of shares (in thousand)	398,701	372,365	398,701	372,578

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	
	30/06/13	31/12/12	30/06/13	31/12/12
Net asset value per ordinary share based on issued share capital at the end of financial year (cents)	49.73	47.15	32.99	33.62

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 30.06.2013 of 396,697,409 (31.12.2012 : 396,297,409).

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 high-technology capital and consumer equipment service provider that serves a global customer base. Its business is classified under two main divisions.

- The Mechatronics Division provides solutions for the design, development and production of complex, high precision industrial machinery and capital equipment for global Original Equipment Manufacturers from the medical, semiconductor, analytical and industrial automation industries. This division has a network of production facilities located in The Netherlands, Singapore, China, Malaysia and USA.
- The EMS Division offers integrated design and manufacturing services for automotive, office automation, consumer and industrial products. The division has multiple manufacturing facilities located in Southeast Asia (Malaysia, Thailand, Singapore and Indonesia), China and India. The division also has a design and development facility in Switzerland.

### Income Statement

#### Group Revenue

	1Q	2Q	1H	3Q	4Q	Full Year
<b>FY2013 (S\$ m)</b>	107.2 <sup>1</sup>	108.5 <sup>1</sup>	215.7	-	-	-
<b>FY2012 (S\$ m)</b>	89.7	92.7	182.4	83.3	95.3 <sup>1</sup>	361.0
<b>y-o-y (%)</b>	19.5	17.0	18.3	-	-	-

<sup>1</sup> Includes sales contribution from Juken

Group revenue increased 17.0% year-on-year (yoy) to S\$108.5 million for the three months ended 30 June 2013 (2Q13), from S\$92.7 million in 2Q12. On a quarter-on-quarter (qoq) basis, Group revenue increased 1.1% from S\$107.2 million in 1Q13. The improvement was due to higher sales of the EMS Division, despite lower sales of the Mechatronics Division.

For the six months ended 30 June 2013 (1H13), Group revenue increased 18.3% to S\$215.7 million, from S\$182.4 million in 1H12, attributable to higher sales of the EMS Division.

#### Revenue breakdown by Division

	2Q13		2Q12		y-o-y	1H13	1H12	y-o-y
	S\$ m	%	S\$ m	%	%	S\$ m	S\$ m	%
<b>Mechatronics</b>	65.9	60.7	76.9	82.9	(14.3)	133.1	146.0	(8.8)
<b>EMS</b>	42.6 <sup>1</sup>	39.3	15.8	17.1	169.3	82.6 <sup>1</sup>	36.4	126.9
<b>Total</b>	108.5	100.0	92.7	100.0	17.0	215.7	182.4	18.3

<sup>1</sup> Includes sales contribution from Juken

Revenue at the Mechatronics Division declined 14.3% to S\$65.9 million in 2Q13, from S\$76.9 million in 2Q12, due to slower sales of its operations in Europe and Asia. Decreased sales of the semiconductor, medical and industrial automation segments were not compensated by higher sales of the analytical segment. On a qoq basis, the Mechatronics Division's revenue decreased 2.0% from S\$67.2 million in 1Q13, due mainly to lower sales of the analytical and medical segments.

Revenue at the EMS Division showed a substantial increase of 169.3% to S\$42.6 million in 2Q13 from S\$15.8 million in 2Q12. This was due mainly to higher sales as well as the additional sales contribution of S\$22.6 million from Juken Technology Limited ("Juken") and its subsidiaries, which the Company acquired in 2012. Sequentially, the EMS Division's revenue in 2Q13 increased 6.5% to S\$42.6 million from S\$40.0 million in 1Q13.

For 1H13, the EMS Division's revenue expanded to S\$82.6 million, an increase of 126.9% from S\$36.4 million in 1H12. As a result, the division significantly increased its contribution to Group revenue to 38.3% in 1H13 from 20.0% in 1H12. Correspondingly, revenue of the Mechatronics Division, which declined 8.8% to S\$133.1 million in 1H13, had a reduced contribution of 61.7% from 80.0% in 1H12.

## Mechatronics Division

### Revenue breakdown by Business Segment

	2Q13	2Q12	y-o-y	1Q13	1H13	1H12	y-o-y
	S\$ m	S\$ m	%	S\$ m	S\$ m	S\$ m	%
<b>Semiconductor</b>	12.9	18.5	(30.2)	9.8	22.7	32.7	(30.5)
<b>Medical</b>	12.7	16.2	(21.4)	17.2	29.9	33.2	(9.9)
<b>Analytical</b>	21.1	19.4	8.3	22.4	43.5	37.0	17.6
<b>Industrial Automation</b>	11.1	14.3	(22.1)	8.9	20.0	26.2	(23.7)
<b>Others</b>	8.1	8.5	(4.6)	8.9	17.0	16.9	0.6
<b>Total</b>	<b>65.9</b>	<b>76.9</b>	<b>(14.3)</b>	<b>67.2</b>	<b>133.1</b>	<b>146.0</b>	<b>(8.8)</b>

Revenue from the semiconductor segment decreased 30.2% to S\$12.9 million from S\$18.5 million in 2Q12, due to lower sales in both Europe and Asia as a result of the slowdown in the global semiconductor equipment industry. Sequentially however, sales of the semiconductor segment in 2Q13 rebounded by 32.3% qoq from S\$9.8 million in 1Q13. Sales of this segment are typically cyclical in nature.

Revenue from the medical segment of S\$12.7 million in 2Q13 registered respective declines of 21.4% yoy from S\$16.2 million in 2Q12, and 26.0% qoq from S\$17.2 million in 1Q13. This was due mainly to lower sales to customers in Europe.

The analytical segment continued to show a yoy revenue growth in 2Q13 with an increase of 8.3% to S\$21.1 million, driven by higher sales in Europe and Asia. Sales of this segment however eased slightly from S\$22.4 million in 1Q13.

While revenue from the industrial automation segment in 2Q13 declined 22.1% yoy to S\$11.1 million, this was an increase of 25.2% qoq from S\$8.9 million in 1Q13. Sales of this segment are typically lumpy in nature.

Revenue from customers in *others* business segment eased 4.6% to S\$8.1 million in 2Q13, from S\$8.5 million in 2Q12.

The Mechatronics Division continues to have a balanced spread of revenue from its various segments. In 1H13, the analytical segment provided the largest contribution of 32.7% to the division's revenue while the medical, semiconductor and industrial automation segments accounted for 22.4%, 17.1% and 15.0% respectively. The *others* segment contributed the remaining 12.8% of the division's revenue.

## EMS Division

### Revenue breakdown by Business Segment

	2Q13	2Q12	y-o-y	1Q13	1H13	1H12	y-o-y
	S\$ m	S\$ m	%	S\$ m	S\$ m	S\$ m	%
<b>Office Automation</b>	7.4	5.8	29.0	7.4	14.8	12.4	19.6
<b>Automotive</b>	23.9	8.8	171.7	23.2	47.1	18.2	159.3
<b>Consumer &amp; Industrial Electronics</b>	7.8	0.0	N.M.	6.2	14.0	0.0	N.M.
<b>Others</b>	0.6	0.8	(28.0)	0.5	1.1	2.4	(53.5)
<b>Tooling</b>	2.9	0.4	553.7	2.7	5.6	3.4	64.8
<b>Total</b>	<b>42.6</b>	<b>15.8</b>	<b>169.3</b>	<b>40.0</b>	<b>82.6</b>	<b>36.4</b>	<b>126.9</b>

**Note:** Juken's post-acquisition revenue has been consolidated into the EMS Division's financial results under automotive, office automation, consumer & industrial electronics, tooling and others segments.

Revenue from the automotive segment recorded a substantial increase of 171.7% yoy in 2Q13 to S\$23.9 million, from S\$8.8 million in 2Q12. This is attributable to the inclusion of automotive sales from Juken and higher sales of the division's existing products.

Revenue from the office automation segment increased 29.0% to S\$7.4 million in 2Q13, from S\$5.8 million in 2Q12, due to the inclusion of Juken's sales and higher sales to an existing major customer.

The new consumer & industrial electronics segment, which resulted from the acquisition of Juken, provided incremental revenue of S\$7.8 million to the EMS Division in 2Q13.

Revenue derived from the tooling segment increased to S\$2.9 million in 2Q13 from S\$0.4 million in 2Q12 due mainly to contribution from Juken's tooling sales. Sales to customers in the *others* segment amounted to S\$0.6 million in 2Q13, down 28.0% from S\$0.8 million in 2Q12.

For 1H13, the automotive segment recorded revenue growth of 159.3% to S\$47.1 million to raise its contribution to the EMS Division's revenue to 57.0% from 49.9% in 1H12. This is in line with the division's long term strategy to focus on expanding the automotive segment. The office automation segment contributed 17.9% while the consumer & industrial electronics segment accounted for 16.9% of the division's revenue. The remaining 8.2% of the division's revenue in 1H13 was derived from tooling sales and customers in *others* segment.

## Gross Profit Margin

The Group's gross profit (GP) increased 102.7% to S\$16.9 million in 2Q13 from S\$8.3 million in 2Q12, due mainly to higher GP generated by the EMS Division. Sequentially, GP in 2Q13 also improved 11.7% from S\$15.1 million in 1Q13.

Group GP margin expanded to 15.6% from 9.0% in 2Q12, attributable to higher GP margin of the EMS Division which benefited from improving production efficiencies at the automotive segment and gross profit contribution from Juken. However, GP margin of the Mechatronics Division was lower due to an increase in rental and manpower costs arising from expansion of production facilities in Europe, and a shift in sales mix.

For 1H13, GP margin improved to 14.9% from 9.0% in 1H12 due mainly to the expansion of the EMS Division's GP margin during the period.

## Other Income

Other income increased to S\$1.6 million in 2Q13 from S\$1.0 million in 2Q12 due primarily to the inclusion of other income from Juken.

## Operating Expenses

Selling and distribution expenses in 2Q13 increased 27.6% to S\$2.8 million while administrative and general expenses increased 84.4% to S\$9.4 million. The higher expenses were due mainly to the inclusion of Juken's operating expenses.

## Finance Costs

Finance costs increased to S\$0.6 million in 2Q13 from S\$0.2 million in 2Q12 due mainly to higher borrowings for working capital, interest costs to finance the acquisition of Juken and the inclusion of Juken's interest expenses.

## Group Profit Before Income Tax

As a result of the above factors, the Group's profit before income tax increased 387.4% to S\$5.6 million in 2Q13 from S\$1.1 million in 2Q12. For 1H13, the Group reported profit before income tax of S\$10.0 million, an increase of 333.0% from S\$2.3 million in 1H12.

## Taxation

Income tax expense for 2Q13 increased to S\$1.4 million, compared to S\$0.9 million in 2Q12, as a result of higher profit before tax.

## Group Net Profit Attributable to Equity Holders of the Company

	1Q	2Q	3Q	4Q	Full Year
FY2013 (S\$ m)	3.1	4.1	-	-	-
FY2012 (S\$ m)	0.3	0.2	(1.5)	(10.8)	(11.8)
y-o-y (%)	1072.1	1819.7	-	-	-

After accounting for taxation, the Group reported net profit of S\$4.1 million in 2Q13, a substantial increase from S\$0.2 million in 2Q12 and 29.7% higher qoq than S\$3.1 million in 1Q13.

The Group posted net profit of S\$7.2 million in 1H13 compared to S\$0.5 million in 1H12. The stronger performance can be attributed primarily to the inclusion of Juken's net profit and a turnaround of the Penang operation of the EMS Division. Accordingly, the EMS Division generated a net profit of S\$3.7 million compared to a loss of S\$6.8 million in 1H12. The Mechatronics Division however reported a lower net profit of S\$4.0 million in 1H13 from S\$7.9 million in 1H12.

## Balance Sheet

As at 30 June 2013, the Group had shareholders' equity of S\$197.3 million, equivalent to a net asset value of 49.7 cents per share based on the total number of issued shares (excluding treasury shares) of 396.7 million shares at the end of 1H13.

The Group's total assets increased to S\$377.1 million as at 30 June 2013, compared to S\$355.8 million as at 31 December 2012. Property, plant and equipment stood at S\$111.9 million, compared to S\$111.5 million at the end of December 2012.

Trade receivables as at 30 June 2013 increased to S\$92.1 million from S\$75.4 million at the end of FY2012 as Group sales in 2Q13 was higher compared to 4Q12. Similarly, trade payables also increased to S\$49.3 million from S\$40.3 million at the end of December 2012.

As at 30 June 2013, net bank borrowings stood at S\$46.3 million compared to S\$38.3 million at the end of FY2012. The additional net borrowings were principally used to finance the Group's working capital requirements and capital expenditure.

## Cash Flow Analysis

The Group generated net cash of S\$1.6 million from operating activities in 1H13, compared to S\$4.9 million in 1H12. The decrease was mainly attributable to higher working capital requirement during the period in review.

Net cash used for investing activities in 1H13 amounted to S\$6.8 million attributable mainly to capital expenditure.

The Group generated net cash of S\$17.8 million from financing activities in 1H13, due mainly to the withdrawal of deposits pledged as securities.

As a result of the above, the Group recorded a net increase in cash and cash equivalents of S\$12.6 million during 1H13. When added to its opening cash and cash equivalents of S\$5.5 million at the beginning of FY2013 and after accounting for the positive 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 S\$18.2 million as at 30 June 2013.

### **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 in 2Q13 are in line with the guidance provided in its first quarter financial statements posted on the SGX website on 9 May 2013.

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

The operating environment continued to be challenging during the first six months of 2013 due to soft demand conditions, cautious business sentiment and intense competitive pressures as a result of ongoing global economic uncertainties.

However, the Group delivered a second consecutive quarter of profitability in 2Q13 which brought its net profit for 1H13 to S\$7.2 million. This was a substantial increase from a net profit of S\$0.5 million in 1H12 and a turnaround from its net loss of S\$11.8 million for FY2012. The stronger financial performance in 1H13 was due primarily to the improvement in profitability of the EMS Division coupled with the gain arising from the acquisition of Juken.

Despite the uncertain macroeconomic outlook and barring any unforeseen circumstances, the Group expects to report a profitable performance in the second half of FY2013.

**Mechatronics Division**

Based on current indicative order forecasts from customers, sales of the medical and semiconductor segments are expected to improve during the second half of FY2013. The analytical segment, which currently provides the largest contribution to the division, should continue to benefit from stable demand. However, revenue of the industrial automation segment is envisaged to be volatile and lumpy on a quarterly basis. Any adverse movements of the Euro and US Dollar against the Singapore dollar will also affect the division's performance.

**EMS Division**

The EMS Division is benefiting from higher sales of the automotive segment, improved production efficiencies at its Penang operations and contribution from Juken. With the addition of Juken's automotive sales, the automotive segment accounted for a larger 57.0% of the division's expanded revenue base in 1H13, compared to 49.9% in 1H12.

Barring unforeseen circumstances, the revenue of the automotive segment is expected to remain on a growth trend for the second half of FY2013 due to contributions from existing projects and new projects launched in 1H13.

However, revenue of the office automation segment is expected to decline in the second half of FY2013 as one of its principal customers is reconfiguring its global production allocation. In addition, revenue derived from the new consumer & industrial electronics segment is envisaged to be flat. Any adverse movement of the Euro against the Malaysia Ringgit will also adversely impact the division's performance.

**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	
	30/6/13	30/6/12
Not applicable	-	-

**BY ORDER OF THE BOARD**

Gooi Soon Hock  
Executive Director  
7-Aug-13



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

We, Gooi Soon Hock and Hendrik Gezinus Tappel, being two directors of Frencken Group Limited ("the Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the second quarter 2013 financial results to be false or misleading.

On behalf of the Board of Directors

*(Signed)*  
Gooi Soon Hock  
Executive Director

*(Signed)*  
Hendrik Gezinus Tappel  
Executive Director

Singapore, 7 August 2013