



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		
	30/06/15 \$'000	30/06/14 \$'000	% Change	30/06/15 \$'000	30/06/14 \$'000	% Change
Revenue	116,924	125,713	-7.0%	228,605	236,617	-3.4%
Cost of sales	(98,438)	(105,640)	-6.8%	(195,326)	(199,229)	-2.0%
Gross profit	18,486	20,073	-7.9%	33,279	37,388	-11.0%
Other income (Note 1)	1,237	1,193	3.7%	3,426	3,092	10.8%
Selling and distribution expenses	(2,966)	(3,582)	-17.2%	(6,141)	(6,743)	-8.9%
Administrative and general expenses	(10,192)	(10,525)	-3.2%	(20,363)	(20,218)	0.7%
Other operating expenses (Note 1)	(135)	(772)	-82.5%	(1,733)	(1,624)	6.7%
Interest income	46	59	-22.0%	89	142	-37.3%
Finance costs	(396)	(444)	-10.8%	(788)	(851)	-7.4%
Profit before income tax	6,080	6,002	1.3%	7,769	11,186	-30.5%
Income tax expense	(1,830)	(1,472)	24.3%	(3,075)	(2,808)	9.5%
Total profit	4,250	4,530	-6.2%	4,694	8,378	-44.0%
Profit attributable to:						
Equity holders of the Company	4,125	4,557	-9.5%	4,564	8,359	-45.4%
Non-controlling interests	125	(27)	N.M.	130	19	584.2%
	4,250	4,530	-6.2%	4,694	8,378	-44.0%

Note 1 - Other income/(Other operating expenses)

Other Income	1,237	1,193	3.7%	3,426	3,092	10.8%
Other Operating Expenses	(135)	(772)	-82.5%	(1,733)	(1,624)	6.7%
	1,102	421	161.8%	1,693	1,468	15.3%

Included in Other income/(Other operating expenses):

Gain/(loss) on disposal of property, plant and equipment, net	71	41	73.2%	287	58	394.8%
Government grants	283	445	-36.4%	700	784	-10.7%
Foreign exchange (loss)/gain, net	27	(654)	N.M.	(530)	(671)	-21.1%
Amortisation of deferred gain	266	266	0.0%	531	532	-0.2%
Scrap sales	256	225	13.6%	390	405	-3.8%
Other income	205	102	100.6%	371	366	1.4%
Other expenses	(6)	(5)	37.4%	(56)	(6)	805.7%
	1,102	421	161.8%	1,693	1,468	15.3%

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		
	30/06/15	30/06/14	%	30/06/15	30/06/14	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
(Loss)/Profit for the period is arrived at after charging/(crediting) :-						
Other income including interest income	(1,283)	(1,252)	2%	(3,515)	(3,234)	9%
Amortisation of deferred gain	(266)	(266)	N.M.	(531)	(532)	N.M.
Interest on borrowings	396	444	-11%	788	851	-7%
Depreciation of property, plant and equipment	4,763	4,881	-2%	9,681	9,658	0%
Amortisation of intangible assets	192	472	-59%	809	937	-14%
(Write-back)/Allowance for doubtful debts and bad debts written off	2	88	-98%	6	-	N.M.
(Write back)/Allowance for inventory obsolescence	85	153	-44%	111	(97)	N.M.
Foreign exchange (gain)/ loss, net	(27)	654	N.M.	530	671	-21%
Adjustments for (over)/ under provision of tax in respect of prior years	(7)	52	N.M.	28	52	-47%
(Gain)/Loss on disposal of property, plant and equipment, net	(71)	(41)	73%	(287)	(58)	395%
Property, plant and equipment written off	1	-	N.M.	49	1	4800%
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	
	30/06/15 \$'000	31/12/14 \$'000	30/06/15 \$'000	31/12/14 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	100,836	106,410	-	-
Subsidiaries	-	-	135,161	135,001
Financial asset, available-for-sale	4,372	4,372	4,372	4,372
Intangible assets	23,843	24,880	-	-
Deferred income tax assets	1,674	1,147	-	-
Other receivables, deposits and prepayments	2,531	3,156	-	-
	<u>133,256</u>	<u>139,965</u>	<u>139,533</u>	<u>139,373</u>
CURRENT ASSETS				
Inventories	98,396	95,669	-	-
Trade receivables	95,800	87,207	-	-
Receivables from subsidiaries	-	-	880	1,328
Dividends receivable from subsidiaries	-	-	-	4,295
Other receivables, deposits and prepayments	7,013	8,789	5	12
Tax recoverable	1,672	1,862	-	-
Cash and cash equivalents	15,204	18,770	3,123	2,092
	<u>218,085</u>	<u>212,297</u>	<u>4,008</u>	<u>7,727</u>
Total assets	351,341	352,262	143,541	147,100
CURRENT LIABILITIES				
Trade payables	49,569	49,111	-	-
Other payables, accruals and provisions	25,840	31,345	279	360
Deferred gain	1,063	1,063	-	-
Borrowings	60,190	53,022	-	400
Income tax payable	2,617	1,234	2	2
	<u>139,279</u>	<u>135,775</u>	<u>281</u>	<u>762</u>
NON CURRENT LIABILITIES				
Other payables	-	-	-	-
Deferred gain	1,329	1,860	-	-
Borrowings	1,737	2,337	-	-
Deferred income tax liabilities	3,877	3,835	-	-
	6,943	8,032	-	-
Total liabilities	<u>146,222</u>	<u>143,807</u>	<u>281</u>	<u>762</u>
NET ASSETS	<u>205,119</u>	<u>208,455</u>	<u>143,260</u>	<u>146,338</u>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	99,659	99,627	99,659	99,627
Treasury shares	-	-	-	-
Foreign currency translation reserve	(21,444)	(17,226)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	(15)	(27)	(15)	(27)
Statutory reserve fund	1,454	1,042	-	-
Share option reserve	1,769	1,621	1,769	1,621
Retained profits	119,667	119,534	41,847	45,117
	<u>203,435</u>	<u>206,916</u>	<u>143,260</u>	<u>146,338</u>
Non-controlling interests	1,684	1,539	-	-
TOTAL EQUITY	<u>205,119</u>	<u>208,455</u>	<u>143,260</u>	<u>146,338</u>

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

Amount repayable in one year or less, or on demand

As at 30/06/15	
Secured \$'000	Unsecured \$'000
32,176	28,014

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

Amount repayable after one year

As at 30/06/15	
Secured \$'000	Unsecured \$'000
1,072	665

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

Details of any collateral

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

	<u>Note</u>	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	26,672	2,407	29,079
Other short-term borrowings	(ii)	4,785	25,190	29,975
Finance lease	(iii)	504	-	504
Term Loans	(iv)	1,287	1,082	2,369
		<u>33,248</u>	<u>28,679</u>	<u>61,927</u>

(i) bank overdrafts of :-

- (a) \$26,162,000 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) \$510,000 is secured over first charge on the entire present and future fixed assets of a subsidiary in India.

- (ii) other short-term borrowings are secured by pledged on the trade receivables of certain subsidiaries in China; and
- (iii) finance lease liabilities are secured by certain equipment and motor vehicles of the Group.

(iv) term loans of :-

- (a) \$704,000 is secured by first charge on the entire present and future fixed assets of a subsidiary in India; and
- (b) \$583,000 is secured by machineries of certain subsidiaries in China.

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

	Group		Group	
	3 months ended 30/06/15	30/06/14	6 months ended 30/06/15	30/06/14
	\$ '000	\$ '000	\$ '000	\$ '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Total profit	4,250	4,530	4,694	8,378
Adjustments for:				
Income tax expense	1,830	1,472	3,075	2,808
Exchange differences	(600)	(232)	207	(213)
Employee share option expense	94	94	188	188
Depreciation of property, plant and equipment	4,763	4,881	9,681	9,658
Loss/(Gain) on disposal of property, plant and equipment, net	(71)	(41)	(287)	(58)
Property, plant and equipment written off	1	-	49	1
Interest income	(46)	(59)	(89)	(142)
Interest expense	396	444	788	851
Amortisation of deferred gain	(266)	(266)	(531)	(532)
Amortisation of intangible assets	192	472	809	937
Operating cash flow before working capital changes	10,543	11,295	18,584	21,876
Changes in operating assets and liabilities :				
Inventories	(704)	(4,715)	(6,107)	(11,237)
Receivables	(5,773)	(13,501)	(8,194)	(15,813)
Payables	(2,776)	1,034	(3,511)	7,655
Cash flows generated from/(used in) operations	1,290	(5,887)	772	2,481
Tax paid	(1,214)	(1,456)	(1,998)	(2,313)
Tax refunded	-	-	-	-
Interest paid	(390)	(444)	(773)	(851)
NET CASH USED IN OPERATING ACTIVITIES	(314)	(7,787)	(1,999)	(683)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	46	59	89	142
Additions of intangible assets	(230)	(1,670)	(774)	(2,971)
Purchase of property, plant and equipment (Note 1)	(3,447)	(4,187)	(5,434)	(7,046)
Proceeds from disposal of property, plant and equipment	116	99	262	121
Acquisition of a subsidiary, net of cash acquired	-	-	-	(4,770)
NET CASH USED IN INVESTING ACTIVITIES	(3,515)	(5,699)	(5,857)	(14,524)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from re-issuance of treasury shares	-	583	-	1,017
Proceeds from issuance of share capital	-	-	32	-
Repayment of finance lease liabilities	(105)	(113)	(210)	(2,800)
Repayment of short term bank borrowings	(16,329)	(17,170)	(26,032)	(38,189)
Repayment of term loans	(180)	(861)	(1,107)	(1,395)
Proceeds from short term bank borrowings	15,033	20,748	28,461	40,381
Proceeds from term loans	32	1,145	32	2,147
Dividend paid to shareholders	(4,047)	(5,654)	(4,047)	(5,654)
Withdrawal/(Placement) of deposits pledged as securities	8	4	(14)	(1)
NET CASH USED IN FINANCING ACTIVITIES	(5,588)	(1,318)	(2,885)	(4,494)
Net decrease in cash and cash equivalents	(9,417)	(14,804)	(10,741)	(19,701)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	(5,321)	(5,625)	(4,929)	(761)
Effect of exchange rate changes on cash and cash equivalents	684	290	1,616	323
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(4,637)	(5,335)	(3,313)	(4,438)

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

	Group		Group	
	3 months ended 30/06/15	30/06/14	6 months ended 30/06/15	30/06/14
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents at end of the financial period comprise:				
Short term fund placed with a Malaysian financial institution	3,418	4,247	3,418	4,247
Deposits with licensed banks	179	127	179	127
Cash and bank balances	11,607	9,371	11,607	9,371
Bank overdrafts	(29,079)	(33,771)	(29,079)	(33,771)
	(13,875)	(20,026)	(13,875)	(20,026)
Less: Deposits pledged as securities	(179)	(113)	(179)	(113)
	(14,054)	(20,139)	(14,054)	(20,139)

Note 1 :

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$6,171,000 (30.06.2014: \$8,582,000) of which \$Nil (30.06.2014: \$29,000) was acquired by means of finance lease arrangement and \$737,000 (30.06.2014: \$1,507,000) was included in other payables at balance sheet date. Cash payments of \$5,434,000 (30.06.2014: \$7,046,000) were made to purchase these property, plant and equipment.

1(d) Consolidated statement of comprehensive income

	3 months ended		6 months ended	
	30/06/15	30/06/14	30/06/15	30/06/14
	\$'000	\$'000	\$'000	\$'000
<u>Statement of Comprehensive Income</u>				
Total profit	4,250	4,530	4,694	8,378
<i>Item that may be reclassified subsequently to income statement :</i>				
- Currency translation differences arising from consolidation	(3,489)	(746)	(4,203)	(1,449)
Total comprehensive income for the period	761	3,784	491	6,929
Attributable to:				
Equity holders of the Company	674	3,806	346	6,913
Non-controlling interests	87	(22)	145	16
Total comprehensive income for the period	761	3,784	491	6,929

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 2015 and 30 June 2014

	Attributable to equity holders of the Company										
	Share Capital \$ '000	Treasury Shares \$ '000	Foreign Currency Translation Reserve \$ '000	Merger Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Retained Profits \$ '000	Total \$ '000	Non-Controlling Interests \$ '000	Total Equity \$ '000
The Group											
At 1 April 2015	99,659	-	(17,993)	2,345	(15)	1,090	1,675	119,953	206,714	1,597	208,311
Profit for the quarter	-	-	-	-	-	-	-	4,125	4,125	125	4,250
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	-	(3,451)	-	-	-	-	-	(3,451)	(38)	(3,489)
Total comprehensive income/(loss) for the quarter	-	-	(3,451)	-	-	-	-	4,125	674	87	761
Transfer to statutory reserve fund	-	-	-	-	-	364	-	(364)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	94	-	94	-	94
Dividend Paid	-	-	-	-	-	-	-	(4,047)	(4,047)	-	(4,047)
At 30 June 2015	<u>99,659</u>	<u>-</u>	<u>(21,444)</u>	<u>2,345</u>	<u>(15)</u>	<u>1,454</u>	<u>1,769</u>	<u>119,667</u>	<u>203,435</u>	<u>1,684</u>	<u>205,119</u>
At 1 April 2014	99,538	(828)	(12,353)	2,345	(99)	832	1,667	117,815	208,917	1,821	210,738
Profit for the quarter	-	-	-	-	-	-	-	4,557	4,557	(27)	4,530
Other comprehensive income:											
Currency translation differences arising from consolidation	-	-	(751)	-	-	-	-	-	(751)	5	(746)
Total comprehensive income for the quarter	-	-	(751)	-	-	-	-	4,557	3,806	(22)	3,784
Transfer to/(from) statutory reserve fund	-	-	-	-	-	164	-	(164)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	94	-	94	-	94
- Treasury shares re-issued	-	804	-	-	40	-	(261)	-	583	-	583
Transfer arising from forfeited share options	-	-	-	-	-	-	(27)	27	-	-	-
Dividend paid	-	-	-	-	-	-	-	(5,654)	(5,654)	-	(5,654)
At 30 June 2014	<u>99,538</u>	<u>(24)</u>	<u>(13,104)</u>	<u>2,345</u>	<u>(59)</u>	<u>996</u>	<u>1,473</u>	<u>116,581</u>	<u>207,746</u>	<u>1,799</u>	<u>209,545</u>

	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 April 2015	99,659	-	-	-	(15)	-	1,675	45,044	146,363	
Total comprehensive income for the quarter	-	-	-	-	-	-	-	850	850	
Employee share option scheme - Value of employee services	-	-	-	-	-	-	94	-	94	
Dividend paid	-	-	-	-	-	-	-	(4,047)	(4,047)	
At 30 June 2015	<u>99,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>-</u>	<u>1,769</u>	<u>41,847</u>	<u>143,260</u>	
At 1 April 2014	99,538	(828)	-	-	(99)	-	1,667	47,033	147,311	
Total comprehensive expense for the quarter	-	-	-	-	-	-	-	5	5	
Employee share option scheme - Value of employee services	-	-	-	-	-	-	94	-	94	
- Treasury shares re-issued	-	804	-	-	40	-	(261)	-	583	
Reversal arising from forfeited share options	-	-	-	-	-	-	(27)	-	(27)	
Dividend paid	-	-	-	-	-	-	-	(5,654)	(5,654)	
At 30 June 2014	<u>99,538</u>	<u>(24)</u>	<u>-</u>	<u>-</u>	<u>(59)</u>	<u>-</u>	<u>1,473</u>	<u>41,384</u>	<u>142,312</u>	

(b) Statement of changes in equity for the half year ended 30 June 2015 and 30 June 2014

	Attributable to equity holders of the Company										
	Share Capital \$ '000	Treasury Shares \$ '000	Foreign Currency Translation Reserve \$ '000	Merger Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Retained Profits \$ '000	Total \$ '000	Non-Controlling Interests \$ '000	Total Equity \$ '000
The Group											
At 1 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 for the period	-	-	(4,218)	-	-	-	-	4,564	346	145	491
Transfer to statutory reserve fund	-	-	-	-	-	412	-	(412)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	188	-	188	-	188
- Issued of share capital	32	-	-	-	12	-	(12)	-	32	-	32
Transfer arising from forfeited share options	-	-	-	-	-	-	(28)	28	-	-	-
Dividend Paid	-	-	-	-	-	-	-	(4,047)	(4,047)	-	(4,047)
At 30 June 2015	<u>99,659</u>	<u>-</u>	<u>(21,444)</u>	<u>2,345</u>	<u>(15)</u>	<u>1,454</u>	<u>1,769</u>	<u>119,667</u>	<u>203,435</u>	<u>1,684</u>	<u>205,119</u>
At 1 January 2014	99,538	(1,411)	(11,658)	2,345	(150)	654	1,773	114,191	205,282	1,783	207,065
Profit for the period	-	-	-	-	-	-	-	8,359	8,359	19	8,378
Other comprehensive income: Currency translation differences arising from consolidation	-	-	(1,446)	-	-	-	-	-	(1,446)	(3)	(1,449)
Total comprehensive income for the period	-	-	(1,446)	-	-	-	-	8,359	6,913	16	6,929
Transfer to/(from) statutory reserve fund	-	-	-	-	-	342	-	(342)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	188	-	188	-	188
- Treasury shares re-issued	-	1,387	-	-	91	-	(461)	-	1,017	-	1,017
Transfer arising from forfeited share options	-	-	-	-	-	-	(27)	27	-	-	-
Dividend Paid	-	-	-	-	-	-	-	(5,654)	(5,654)	-	(5,654)
At 30 June 2014	<u>99,538</u>	<u>(24)</u>	<u>(13,104)</u>	<u>2,345</u>	<u>(59)</u>	<u>996</u>	<u>1,473</u>	<u>116,581</u>	<u>207,746</u>	<u>1,799</u>	<u>209,545</u>

	Attributable to equity holders of the Company										
	Share Capital \$ '000	Treasury Shares \$ '000	Foreign Currency Translation Reserve \$ '000	Merger Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Retained Profits \$ '000	Total \$ '000		
The Company											
At 1 January 2015	99,627	-	-	-	(27)	-	1,621	45,117	146,338		
Total comprehensive expense for the quarter	-	-	-	-	-	-	-	777	777		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	188	-	188		
- Issued of share capital	32	-	-	-	12	-	(12)	-	32		
Reversal arising from forfeited share options	-	-	-	-	-	-	(28)	-	(28)		
Dividend paid	-	-	-	-	-	-	-	(4,047)	(4,047)		
At 30 June 2015	<u>99,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>-</u>	<u>1,769</u>	<u>41,847</u>	<u>143,260</u>		
At 1 January 2014	99,538	(1,411)	-	-	(150)	-	1,773	47,046	146,796		
Total comprehensive expense for the quarter	-	-	-	-	-	-	-	(8)	(8)		
Employee share option scheme - Value of employee services	-	-	-	-	-	-	188	-	188		
- Treasury shares re-issued	-	1,387	-	-	91	-	(461)	-	1,017		
Reversal arising from forfeited share options	-	-	-	-	-	-	(27)	-	(27)		
Dividend paid	-	-	-	-	-	-	-	(5,654)	(5,654)		
At 30 June 2014	<u>99,538</u>	<u>(24)</u>	<u>-</u>	<u>-</u>	<u>(59)</u>	<u>-</u>	<u>1,473</u>	<u>41,384</u>	<u>142,312</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

There were no changes in the Company's share capital for the quarter ended 30 June 2015.

	Total number of issued shares as at	
	30/06/15	30/06/14
Number of issued shares	404,662,409	403,918,409
Number of treasury shares	-	(96,000)
Total number of issued shares excluding treasury shares	<u>404,662,409</u>	<u>403,822,409</u>

Share options

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

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 1.4.2015	Granted during the period	Forfeited during the period	Exercised during the period	As at 30.6.2015		
1.12.2008 (2008 Option)	2,746,000	0	0	0	2,746,000	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	3,884,000	0	0	0	3,884,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	5,615,000	0	0	0	5,615,000	\$0.224	1.12.2012 - 30.11.2020
7.10.2013 (2013 Option)	6,000,000	0	0	0	6,000,000	\$0.208	7.10.2015 - 6.10.2023
	<u>18,245,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,245,000</u>		

	Total number of shares as at	
	30/06/15	30/06/14
Total number of shares that may be issued on exercise of share options outstanding	<u>18,245,000</u>	<u>19,305,000</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	
	30/06/15	31/12/14
Total number of issued shares excluding treasury shares	<u>404,662,409</u>	<u>404,472,409</u>

1(e)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

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

The figures have not been audited or reviewed by the independent auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.

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

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

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

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

	Group 3 months ended		Group 6 months ended	
	30/06/15	30/06/14	30/06/15	30/06/14
Earnings per ordinary share of the Group based on net profit attributable to the shareholders of the Company:				
(i) Based on weighted average number of shares (in cents)	1.02	1.13	1.13	2.08
- Weighted average number of shares (in thousand)	404,662	403,360	404,582	401,139
(ii) On a fully diluted basis (in cents)	1.02	1.11	1.12	2.05
- Adjusted weighted average number of shares (in thousand)	406,236	411,042	406,231	407,914

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	
	30/06/15	31/12/14	30/06/15	31/12/14
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	50.27	51.16	35.40	36.18

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 30.06.2015 of 404,662,409 (31.12.2014 : 404,472,409).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

a. any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

b. any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Income Statement

Group Revenue

	1Q	2Q	1H	3Q	4Q	Full Year
FY2015 (S\$ m)	111,681	116,924	228,605	-	-	-
FY2014 (S\$ m)	110,904	125,713	236,617	120,900	115,220	472,737
yoy (%)	0.7	-7.0	-3.4	-	-	-

For the 3 months ended 30 June 2015 (2Q15), Group revenue registered a 7.0% year-on-year (yoy) decrease to S\$116.9 million. On a quarter-on-quarter (qoq) basis, Group revenue increased 4.7% from S\$111.7 million in 1Q15 as higher sales of the Mechatronics Division offset lower sales of the IMS Division.

For the 6 months ended 30 June 2015 (1H15), Group revenue declined 3.4% yoy to S\$228.6 million due mainly to the lower sales contribution of the IMS Division.

Approximately 35% of the Group's sales in 1H15 were translated from Euro to Singapore Dollar. Hence, Group revenue would have been higher in 1H15 if not for the 12.5% depreciation of the Euro against the Singapore Dollar as compared to 1H14.

Revenue breakdown by Business Segment

Sales	2Q15	2Q14	yoy	1Q15	qoq	1H15	1H14	yoy
	S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
MECHATRONICS DIVISION								
Semiconductor	18,328	21,642	(15.3)	18,278	0.3	36,606	36,223	1.1
Medical	13,808	14,122	(2.2)	15,765	(12.4)	29,573	30,962	(4.5)
Analytical	21,329	22,507	(5.2)	20,613	3.5	41,942	44,525	(5.8)
Industrial Automation	17,958	11,775	52.5	11,149	61.1	29,107	18,434	57.9
Others	4,976	7,478	(33.5)	3,966	25.5	8,942	15,310	(41.6)
Mechatronics Total	76,399	77,524	(1.5)	69,771	9.5	146,170	145,454	0.5
IMS DIVISION								
Automotive	29,399	31,058	(5.3)	29,734	(1.1)	59,133	59,142	(0.0)
Office Automation	2,448	6,962	(64.8)	3,483	(29.7)	5,931	12,730	(53.4)
Consumer & Industrial								
Electronics	5,822	6,338	(8.1)	5,448	6.9	11,270	11,531	(2.3)
Others	434	632	(31.3)	268	61.9	702	1,178	(40.4)
Tooling	2,417	3,195	(24.4)	2,972	(18.7)	5,389	6,573	(18.0)
IMS Total	40,520	48,185	(15.9)	41,905	(3.3)	82,425	91,154	(9.6)

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

At the Mechatronics Division, the industrial automation segment recorded a strong sales performance in 2Q15 with gains of 52.5% yoy and 61.1% qoq, which is attributable to higher sales of hard-disk drive production equipment. Sales of the industrial automation segment are typically lumpy in nature. Other segments in the Mechatronics Division generally reported softer sales in 2Q15 due to slower orders from customers owing to weaker economic conditions in Europe and China, as well as the unfavourable impact of the Euro's depreciation vis-a-vis the Singapore dollar.

At the IMS Division, sales of the automotive segment in 2Q15 dipped by 5.3% yoy and 1.1% qoq due to the slower economies in Europe and China. The office automation segment recorded substantially lower revenue in 2Q15 as the Group continued to wind down mail facilitating products at the Penang plant.

Gross Profit Margin

The Group's gross profit (GP) decreased 7.9% yoy to S\$18.5 million in 2Q15. Group GP margin of 15.8% in 2Q15 was relatively stable compared to 16.0% in 2Q14 and an improvement from 13.2% in 1Q15.

For 1H15, the Group's GP declined 11.0% yoy to S\$33.3 million. GP margin softened to 14.6% from 15.8% in 1H14. This is mainly attributable to lower GP margin of the IMS Division caused mainly by challenging operational conditions at the Penang plant. In addition to experiencing production inefficiencies, the Penang operations were also affected by the winding down of mail facilitating products as fixed overheads could not be scaled down in tandem with declining sales of this product segment.

Other Income

Other income increased 3.7% yoy to S\$1.2 million in 2Q15 due to higher foreign exchange gains.

Operating Expenses

Selling and distribution expenses in 2Q15 decreased 17.2% yoy to S\$3.0 million, attributable to lower headcount and reduction in sales commissions and marketing/promotion expenses. Administrative and general expenses declined 3.2% yoy to S\$10.1 million, due mainly to lower travelling expenses.

Other operating expenses decreased 82.5% yoy to S\$0.1 million in 2Q15 due mainly to reduced foreign exchange losses.

Finance Costs

Finance costs in 2Q15 were relatively stable at S\$0.4 million.

Group Net Profit Attributable to Equity Holders of the Company

	1Q	2Q	1H	3Q	4Q	Full Year
FY2015 (S\$ m)	439	4,125	4,564	-	-	-
FY2014 (S\$ m)	3,802	4,557	8,359	2,239	760	11,358
yoy (%)	-88.5	-9.5	-45.4			

After accounting for income tax of S\$1.8 million and non-controlling interest of S\$0.1 million, the Group's net profit attributable to equity holders decreased 9.5% yoy to S\$4.1 million in 2Q15. On a qoq basis however, this was a significant improvement from S\$0.4 million in 1Q15.

For 1H15, the Group's net profit attributable to equity holders declined a larger 45.4% yoy to S\$4.6 million due mainly to lower profit in 1Q15 as compared to 1Q14. The Mechatronics Division posted a 7.7% yoy increase in net profit to S\$6.0 million in 1H15 while the IMS Division reported a net loss of S\$1.2 million, compared to net profit of S\$2.8 million in 1H14.

Balance Sheet

As at 30 June 2015, the Group had shareholders' equity of S\$203.4 million, equivalent to net asset value of 50.3 cents per share based on the total number of issued shares of 404.7 million shares.

Total assets as at 30 June 2015 decreased to S\$351.3 million from S\$352.3 million at the end of December 2014.

As at 30 June 2015, cash and cash equivalents decreased to S\$15.2 million from S\$18.8 million as at 31 December 2014. Inventories increased to S\$98.4 million from S\$95.7 million at the end of FY2014 for fulfillment of customers' orders.

Trade receivables increased to S\$95.8 million from S\$87.2 million as at 31 December 2014, due mainly to higher sales of the Group's Asia operations in 2Q15 as compared to the last quarter of 2014. Trade payables increased to S\$49.6 million from S\$49.1 million as at 31 December 2014, attributed to higher purchases of materials required to fulfill customers' orders.

As at 30 June 2015, the Group had net bank borrowings of S\$46.7 million, compared to S\$36.6 million at the end of FY2014. As a result, the Group's net debt-to-equity ratio increased to 23.0% from 17.7% as at 31 December 2014.

Cash Flow Analysis

The Group used net cash of S\$2.0 million for operating activities in 1H15, after deducting income tax and interest paid of S\$2.8 million for the period in review.

Net cash used in investing activities amounted to S\$5.9 million in 1H15, attributable mainly to capital expenditure. The Group used net cash of S\$2.9 million for financing activities in 1H15, due mainly to dividends paid to shareholders in respect of FY2014 which was partially offset by a net proceeds from short term borrowings.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of S\$10.8 million in 1H15. When added to its opening cash and cash equivalents of minus S\$4.9 million at the beginning of FY2015 and after accounting for the positive effect of foreign currency movements of S\$1.6 million on its opening cash and cash equivalents, the Group had an ending cash balance of minus S\$14.1 million as at 30 June 2015.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's financial results for 2Q15 are in line with the guidance provided in its financial statements posted on the SGX website on 7 May 2015.

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

The business environment is expected to remain challenging for the remaining months of FY2015. Due to the weaker economic conditions in Europe and China, demand from end-users in markets served by the Group is likely to remain cautious.

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

To navigate through these headwinds, the Group is working to mitigate the impact of pricing and cost pressures on profit margins by implementing measures to better control costs, as well as improve operational efficiency and productivity of its two divisions.

Mechatronics Division

Based on current indicators, the industrial automation segment is expected to register higher yoy sales in 3Q15. However, softer sales are anticipated for the semiconductor, medical and analytical segments in 3Q15 compared to 3Q14.

IMS Division

Based on current indicators, sales of the automotive segment are expected to show a yoy increase in 3Q15. The consumer & industrial electronics segment is expected to record a stable sales performance in 3Q15 as compared to 3Q14. A substantial sales decline is anticipated for the office automation segment in 3Q15 as the IMS Division has ceased sales of mail facilitating products at the end of June 2015.

In addition, the IMS Division's performance in 3Q15 could continue to be negatively impacted by operational challenges and inefficiencies at the Penang plant. The Group considers this to be an area of priority and is actively working to resolve these issues and improve the Penang plant's operations.

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	
	30/6/15	30/6/14
Not applicable	-	-

BY ORDER OF THE BOARD

Sim Mong Huat
Executive Director
6-Aug-15

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

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

On behalf of the Board of Directors

(Signed)
Sim Mong Huat
Executive Director

(Signed)
Hendrik Gezinus Tappel
Executive Director

Singapore, 6 August 2015