



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		
	30/06/17 \$'000	30/06/16 \$'000	% Change	30/06/17 \$'000	30/06/16 \$'000	% Change
Revenue	125,961	120,513	4.5%	260,372	234,530	11.0%
Cost of sales	(104,235)	(102,153)	2.0%	(215,566)	(198,791)	8.4%
Gross profit	21,726	18,360	18.3%	44,806	35,739	25.4%
Other income (Note 1)	1,389	1,107	25.5%	2,765	2,930	-5.6%
Selling and distribution expenses	(2,710)	(2,721)	-0.4%	(5,533)	(5,469)	1.2%
Administrative and general expenses	(11,934)	(10,944)	9.0%	(23,895)	(21,206)	12.7%
Other operating expenses (Note 1)	(138)	(29)	375.9%	(1,145)	(1,517)	-24.5%
Interest income	389	49	693.9%	423	91	364.8%
Finance costs	(367)	(421)	-12.8%	(709)	(791)	-10.4%
Profit before income tax and exceptional item	8,355	5,401	54.7%	16,712	9,777	70.9%
Net gain on disposal of subsidiaries *	6	-	N.M.	10,185	-	N.M.
Profit before income tax	8,361	5,401	54.8%	26,897	9,777	175.1%
Income tax expense	(1,581)	(1,262)	25.3%	(3,729)	(2,585)	44.3%
Profit for the year	6,780	4,139	63.8%	23,168	7,192	222.1%
Profit attributable to:						
Equity holders of the Company	6,636	4,104	61.7%	22,911	7,164	219.8%
Non-controlling interests	144	35	311.4%	257	28	817.9%
	6,780	4,139	63.8%	23,168	7,192	222.1%
Note 1 - Other income/(Other operating expenses)						
Other Income	1,389	1,107	25.5%	2,765	2,930	-5.6%
Other Operating Expenses	(138)	(29)	375.9%	(1,145)	(1,517)	-24.5%
	1,251	1,078	16.0%	1,620	1,413	14.6%
Included in Other income/(Other operating expenses):						
Gain/(loss) on disposal of property, plant and equipment, net	27	27	N.M.	(28)	140	N.M.
Property, plant and equipment written off	(120)	(4)	2900.0%	(124)	(9)	1277.8%
Investment property written off	-	-	N.M.	(8)	-	N.M.
Government grants	538	382	40.8%	1,074	885	21.4%
Foreign exchange (loss)/gain, net	109	90	21.1%	(512)	(798)	-35.8%
Amortisation of deferred gain	267	266	0.4%	532	531	0.2%
Scrap sales	139	152	-8.6%	272	281	-3.2%
Other income	337	178	89.3%	460	402	14.4%
Other expenses	(46)	(13)	253.8%	(46)	(19)	142.1%
	1,251	1,078	16.0%	1,620	1,413	14.6%

* Refer to Note 2 of the Cash Flow Statement for details

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		
	30/06/17	30/06/16	%	30/06/17	30/06/16	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Profit for the period is arrived at after charging/(crediting) :-						
Investment income	-	-	N.M.	-	-	N.M.
Other income including interest income	(1,778)	(1,156)	54%	(3,188)	(3,021)	6%
Amortisation of deferred gain	(267)	(266)	N.M.	(532)	(531)	N.M.
Interest on borrowings	367	421	-13%	709	791	-10%
Depreciation of property, plant and equipment	3,436	4,001	-14%	7,465	7,962	-6%
Depreciation of investment property	8	-	N.M.	11	-	N.M.
Amortisation of intangible assets	322	264	22%	627	458	37%
(Write-back)/Allowance for doubtful debts and bad debts written off	-	15	N.M.	6	(22)	N.M.
(Write back)/Allowance for inventory obsolescence	(72)	(35)	106%	34	(5)	N.M.
Foreign exchange (gain)/loss, net	(109)	(90)	21%	512	798	-36%
Adjustments for (over)/under provision of tax in respect of prior years	(565)	(379)	49%	(545)	(381)	43%
(Gain)/Loss on disposal of property, plant and equipment, net	(27)	(27)	N.M.	28	(140)	N.M.
Property, plant and equipment written off	120	4	2900%	124	9	1278%
Investment property written off	-	-	N.M.	8	-	N.M.
Net gain on disposal of subsidiaries	(6)	-	N.M.	(10,185)	-	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	
	30/06/17 \$'000	31/12/16 \$'000	30/06/17 \$'000	31/12/16 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	83,999	100,022	-	-
Investment property	1,612	-	-	-
Subsidiaries	-	-	127,427	127,347
Financial asset, available-for-sale	4,132	4,132	4,132	4,132
Intangible assets	25,233	25,184	-	-
Deferred income tax assets	2,041	2,214	-	-
Other receivables, deposits and prepayments	1,352	1,661	-	-
Total non-current assets	<u>118,369</u>	<u>133,213</u>	<u>131,559</u>	<u>131,479</u>
CURRENT ASSETS				
Inventories	112,407	109,274	-	-
Trade receivables	95,249	90,668	-	-
Receivable from subsidiaries	-	-	3,978	282
Dividends receivable from subsidiaries	-	-	-	4,210
Other receivables, deposits and prepayments	12,174	10,631	29	13
Receivable from an associated company	-	108	-	-
Tax recoverable	264	619	-	-
Cash and cash equivalents	58,432	18,482	6,290	5,044
Total current assets	<u>278,526</u>	<u>229,782</u>	<u>10,297</u>	<u>9,549</u>
Total assets	<u>396,895</u>	<u>362,995</u>	<u>141,856</u>	<u>141,028</u>
CURRENT LIABILITIES				
Trade payables	61,294	51,523	-	-
Payable to a subsidiary	-	-	160	-
Other payables, accruals and provisions	29,083	30,385	295	377
Deferred gain	266	797	-	-
Borrowings	61,017	57,420	2,585	-
Income tax payable	3,291	2,059	6	3
Total current liabilities	<u>154,951</u>	<u>142,184</u>	<u>3,046</u>	<u>380</u>
NON-CURRENT LIABILITIES				
Borrowings	1,779	1,322	-	-
Retirement benefit obligations	1,414	1,474	-	-
Deferred income tax liabilities	3,494	3,343	-	-
Total non-current liabilities	6,687	6,139	-	-
Total liabilities	<u>161,638</u>	<u>148,323</u>	<u>3,046</u>	<u>380</u>
NET ASSETS	<u>235,257</u>	<u>214,672</u>	<u>138,810</u>	<u>140,648</u>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	101,728	100,031	101,728	100,031
Foreign currency translation reserve	(28,666)	(29,302)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	1,098	167	1,098	167
Statutory reserve fund	2,165	2,284	-	-
Share option reserve	871	1,723	871	1,723
Other reserve	(995)	(994)	-	-
Retained profits	154,458	136,398	35,113	38,727
	<u>233,004</u>	<u>212,652</u>	<u>138,810</u>	<u>140,648</u>
Non-controlling interests	2,253	2,020	-	-
TOTAL EQUITY	<u>235,257</u>	<u>214,672</u>	<u>138,810</u>	<u>140,648</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 30/06/17	
Secured \$'000	Unsecured \$'000
31,280	29,737

As at 31/12/16	
Secured \$'000	Unsecured \$'000
36,137	21,283

Amount repayable after one year

As at 30/06/17	
Secured \$'000	Unsecured \$'000
94	1,685

As at 31/12/16	
Secured \$'000	Unsecured \$'000
278	1,044

Details of any collateral

Details of the borrowings of the Group and its securities as at 30 June 2017 are as follows:

	<u>Note</u>	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	23,921	1,014	24,935
Other short-term borrowings	(ii)	7,168	28,312	35,480
Term Loans	(iii)	285	2,096	2,381
		<u>31,374</u>	<u>31,422</u>	<u>62,796</u>

(i) bank overdrafts of :-

- (a) \$23,546,000 is secured by mortgage over properties, pledged on the trade receivables and inventories of all subsidiaries of the Company in The Netherlands; and
- (b) \$375,000 is secured by exclusive charged on the entire present and future current and fixed assets of a subsidiary in India.

(ii) other short-term borrowings is pledged on the trade receivables of certain subsidiaries in China.

(iii) term loans are secured by exclusive charged on the entire present and future current and fixed assets of a subsidiary in India.

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	
	30/06/17	30/06/16	30/06/17	30/06/16
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit after tax	6,780	4,139	23,168	7,192
Adjustments for:				
Income tax expense	1,581	1,262	3,729	2,585
Exchange differences	361	(278)	197	(256)
Employee share option expense	39	42	79	42
Depreciation of property, plant and equipment	3,436	4,001	7,465	7,962
Depreciation of investment property	8	-	11	-
Loss/(Gain) on disposal of property, plant and equipment, net	(27)	(27)	28	(140)
Property, plant and equipment written off	120	4	124	9
Investment property written off	-	-	8	-
Interest income	(389)	(49)	(423)	(91)
Interest expense	367	421	709	791
Amortisation of deferred gain	(267)	(266)	(532)	(531)
Amortisation of intangible assets	322	264	627	458
Net gain on disposal of subsidiaries (Note 2)	(6)	-	(10,185)	-
Operating cash flow before working capital changes	12,325	9,513	25,005	18,021
Changes in operating assets and liabilities :				
Inventories	(10,945)	(5,259)	(13,780)	(6,663)
Receivables	(6,218)	(256)	(16,334)	(5,047)
Payables	10,734	1,488	18,726	4,357
Associated company	3	(138)	110	(138)
Cash flows generated from operations	5,899	5,348	13,727	10,530
Tax paid	(1,317)	(1,781)	(1,877)	(2,330)
Interest paid	(367)	(428)	(708)	(799)
NET CASH GENERATED FROM OPERATING ACTIVITIES	4,215	3,139	11,142	7,401
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	389	49	423	91
Additions of intangible assets	(374)	(1,109)	(530)	(2,013)
Purchase of property, plant and equipment (Note 1)	(6,418)	(6,856)	(10,545)	(10,320)
Purchase of investment property	(1)	-	(34)	-
Proceeds from disposal of property, plant and equipment	142	39	581	208
Disposal of subsidiaries, net of cash disposed of (Note 2)	6	-	38,309	-
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(6,256)	(7,877)	28,204	(12,034)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital	1,074	110	1,697	110
Repayment of finance lease liabilities	(55)	(66)	(155)	(150)
Repayment of short term bank borrowings	(29,738)	(27,105)	(61,661)	(51,823)
Repayment of term loans	(168)	(397)	(333)	(724)
Proceeds from short term bank borrowings	36,025	34,134	69,066	62,827
Proceeds from term loans	902	-	902	-
Dividend paid to shareholders	(4,970)	(3,039)	(4,970)	(3,039)
Withdrawal/(Placement) of fixed deposits pledged as securities	-	2	-	2
NET CASH GENERATED FROM FINANCING ACTIVITIES	3,070	3,639	4,546	7,203
Net increase/(decrease) in cash and cash equivalents	1,029	(1,099)	43,892	2,570
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	33,259	(8,061)	(9,966)	(11,613)
Effect of exchange rate changes on cash and cash equivalents	(911)	74	(549)	(43)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	33,377	(9,086)	33,377	(9,086)

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	
	30/06/17 \$'000	30/06/16 \$'000	30/06/17 \$'000	30/06/16 \$'000
Cash and cash equivalents at end of the financial period comprise:				
Short term fund placed with a Malaysian financial institution	26,933	3,045	26,933	3,045
Deposits with licensed banks	4,120	3,951	4,120	3,951
Cash and bank balances	27,379	8,392	27,379	8,392
Bank overdrafts	(24,935)	(24,360)	(24,935)	(24,360)
	33,497	(8,972)	33,497	(8,972)
Less: Deposits pledged as securities	(120)	(114)	(120)	(114)
	33,377	(9,086)	33,377	(9,086)

Note 1 :

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$9,728,000 (30.06.2016: \$10,381,000) of which \$3,176,000 (30.06.2016: \$1,696,000) was included in other payables at balance sheet date. Cash payments of \$10,545,000 (30.06.2016: \$10,320,000) includes an amount of \$3,993,000 (30.06.2016 : \$1,635,000) for payment from other payables to purchase property, plant and equipment incurred in previous financial year.

Note 2 : Disposal of subsidiaries

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

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

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

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

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

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

Details of the disposals are as follows:

	<u>PESB</u> \$'000	<u>American</u> <u>Entities</u> \$'000	<u>Total</u> \$'000
Carrying amounts of net assets over which control was lost			
<u>Non-current asset</u>			
Property, plant and equipment	15,268	381	15,649
Deferred development costs	-	132	132
	15,268	513	15,781
<u>Current assets</u>			
Inventories	10,778	332	11,110
Trade and other receivables	9,644	768	10,412
Cash and cash equivalents	3,667	374	4,041
	24,089	1,474	25,563

Current liabilities			
Trade and other payables	(7,949)	(1,648)	(9,597)
Bank borrowing	-	(131)	(131)
Intercompany payables	(69)	(71)	(140)
Income tax payable	(4)	-	(4)
	<u>(8,022)</u>	<u>(1,850)</u>	<u>(9,872)</u>
Net assets derecognised	<u>31,335</u>	<u>137</u>	<u>31,472</u>
Consideration received:			
Cash	42,798	15	42,813
Less: Transaction costs related to disposal of subsidiaries	(463)	-	(463)
Total consideration received	<u>42,335</u>	<u>15</u>	<u>42,350</u>
Gain/(Loss) on disposal			
Consideration received	42,335	15	42,350
Net assets derecognised	(31,335)	(137)	(31,472)
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity on loss of control of subsidiaries	62	(755)	(693)
Gain/(Loss) on disposal	<u>11,062</u>	<u>(877)</u>	<u>10,185</u>
Net cash outflow arising on disposal			
Cash consideration received	42,335	15	42,350
Cash and cash equivalents disposed of	(3,667)	(374)	(4,041)
	<u>38,668</u>	<u>(359)</u>	<u>38,309</u>

1(d) Consolidated statement of comprehensive income

	3 months ended		6 months ended	
	30/06/17	30/06/16	30/06/17	30/06/16
	\$'000	\$'000	\$'000	\$'000
Statement of Comprehensive Income				
Profit for the period	6,780	4,139	23,168	7,192
<i>Item that may be reclassified subsequently to income statement :</i>				
- Currency translation differences arising from consolidation	2,362	(836)	611	114
Total comprehensive income for the period	<u>9,142</u>	<u>3,303</u>	<u>23,779</u>	<u>7,306</u>
Attributable to:				
Equity holders of the Company	8,997	3,287	23,546	7,341
Non-controlling interests	145	16	233	(35)
Total comprehensive income for the period	<u>9,142</u>	<u>3,303</u>	<u>23,779</u>	<u>7,306</u>

1(e)(f) 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 2017 and 30 June 2016

	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	Other Reserve \$'000	Retained Profits \$'000	Total \$'000	Non- Controlling Interests \$'000	Total Equity \$'000
The Group											
At 1 April 2017	100,654	(31,031)	2,345	504	2,387	1,426	(991)	152,570	227,864	2,108	229,972
Profit for the quarter	-	-	-	-	-	-	-	6,636	6,636	144	6,780
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	2,365	-	-	-	-	(4)	-	2,361	1	2,362
Total comprehensive income/(loss) for the quarter	-	2,365	-	-	-	-	(4)	6,636	8,997	145	9,142
<i>Transactions with owners recognised directly in equity</i>											
Transfer to statutory reserve fund	-	-	-	-	(222)	-	-	222	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	39	-	-	39	-	39
- Issue of share capital	1,074	-	-	594	-	(594)	-	-	1,074	-	1,074
Dividend Paid	-	-	-	-	-	-	-	(4,970)	(4,970)	-	(4,970)
	1,074	-	-	594	(222)	(555)	-	(4,748)	(3,857)	-	(3,857)
At 30 June 2017	101,728	(28,666)	2,345	1,098	2,165	871	(995)	154,458	233,004	2,253	235,257
At 1 April 2016	99,659	(24,967)	2,345	(15)	1,689	1,787	-	127,187	207,685	1,922	209,607
Profit for the quarter	-	-	-	-	-	-	-	4,104	4,104	35	4,139
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	(817)	-	-	-	-	-	-	(817)	(19)	(836)
Total comprehensive income/(loss) for the quarter	-	(817)	-	-	-	-	-	4,104	3,287	16	3,303
<i>Transactions with owners recognised directly in equity</i>											
Transfer to/(from) statutory reserve fund	-	-	-	-	80	-	-	(80)	-	-	-
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	80	(23)	-	(3,119)	(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
	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 2017	100,654	-	-	504	-	1,426	40,237	142,821			
Total comprehensive income for the quarter	-	-	-	-	-	-	(154)	(154)			
<i>Transactions with owners recognised directly in equity</i>											
Employee share option scheme - Value of employee services	-	-	-	-	-	39	-	39			
- Issue of share capital	1,074	-	-	594	-	(594)	-	1,074			
Dividend paid	-	-	-	-	-	-	(4,970)	(4,970)			
	1,074	-	-	594	-	(555)	(4,970)	(3,857)			
At 30 June 2017	101,728	-	-	1,098	-	871	35,113	138,810			
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			

(b) Statement of changes in equity for the half year ended 30 June 2017 and 30 June 2016

	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	Other Reserve \$'000	Retained Profits \$'000	Total \$'000	Non-Controlling Interests \$'000	Total Equity \$'000
The Group											
At 1 January 2017	100,031	(29,302)	2,345	167	2,284	1,723	(994)	136,398	212,652	2,020	214,672
Profit for the period	-	-	-	-	-	-	-	22,911	22,911	257	23,168
Other comprehensive income/(loss): Currency translation differences arising from consolidation	-	636	-	-	-	-	(1)	-	635	(24)	611
Total comprehensive income/(loss) for the period	-	636	-	-	-	-	(1)	22,911	23,546	233	23,779
<i>Transactions with owners recognised directly in equity</i>											
Transfer to statutory reserve fund	-	-	-	-	(119)	-	-	119	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	79	-	-	79	-	79
- Issue of share capital	1,697	-	-	931	-	(931)	-	-	1,697	-	1,697
Dividend Paid	-	-	-	-	-	-	-	(4,970)	(4,970)	-	(4,970)
	1,697	-	-	931	(119)	(852)	-	(4,851)	(3,194)	-	(3,194)
At 30 June 2017	101,728	(28,666)	2,345	1,098	2,165	871	(995)	154,458	233,004	2,253	235,257
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/(from) 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

	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 2017	100,031	-	-	167	-	1,723	38,727	140,648
Total comprehensive loss for the period	-	-	-	-	-	-	1,356	1,356
<i>Transactions with owners recognised directly in equity</i>								
Employee share option scheme - Value of employee services	-	-	-	-	-	79	-	79
- Issue of share capital	1,697	-	-	931	-	(931)	-	1,697
Dividend paid	-	-	-	-	-	-	(4,970)	(4,970)
	1,697	-	-	931	-	(852)	(4,970)	(3,194)
At 30 June 2017	101,728	-	-	1,098	-	871	35,113	138,810
At 1 January 2016	99,659	-	-	(15)	-	1,787	38,021	139,452
Total comprehensive income 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

1(e)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Issued and paid up capital

During the quarter, the Company issued 1,050,000, 130,000, 531,000 and 3,700,000 new ordinary shares pursuant to the Company's employee share option scheme at the exercise price of \$0.155, \$0.168, \$0.224 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	
	30/06/17	30/06/16
Number of issued shares	415,178,409	405,202,409
Number of treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>415,178,409</u>	<u>405,202,409</u>

Share options

The movement of share options of the Company during the period from 1 April 2017 to 30 June 2017 is as follows:

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 1.4.2017	Granted during the period	Forfeited during the period	Exercised during the period	As at 30.6.2017		
1.12.2008 (2008 Option)	2,100,000	0	0	(1,050,000)	1,050,000	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	2,594,000	0	0	(130,000)	2,464,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	4,136,000	0	0	(531,000)	3,605,000	\$0.224	1.12.2012 - 30.11.2020
7.10.2013 (2013 Option)	3,700,000	0	0	(3,700,000)	0	\$0.208	7.10.2015 - 6.10.2023
1.4.2016 (2016 Option)	3,000,000	0	0	0	3,000,000	\$0.184	1.4.2018 - 31.3.2026
	<u>15,530,000</u>	<u>0</u>	<u>0</u>	<u>(5,411,000)</u>	<u>10,119,000</u>		

	Total number of shares as at	
	30/06/17	30/06/16
Total number of shares that may be issued on exercise of share options outstanding	<u>10,119,000</u>	<u>20,095,000</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	
	30/06/17	31/12/16
Total number of issued shares excluding treasury shares	<u>415,178,409</u>	<u>406,642,409</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 2017.

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		Group	
	3 months ended	30/06/16	6 months ended	30/06/16
	30/06/17		30/06/17	30/06/16
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)	1.60	1.01	5.58	1.77
- Weighted average number of shares (in thousand)	414,039	405,032	410,527	404,847
(ii) On a fully diluted basis (in cents)	1.58	1.01	5.52	1.76
- Adjusted weighted average number of shares (in thousand)	419,520	407,919	415,201	406,666

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	
	30/06/17	31/12/16	30/06/17	31/12/16
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	56.12	52.29	33.43	34.59

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 30.06.2017 of 415,178,409 (31.12.2016 : 406,642,409).

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
FY2017 (S\$'000)	134,411	125,961	260,372	-	-	-
FY2016 (S\$'000)	114,017	120,513	234,530	120,707	111,182	466,419
yoy (%)	17.9	4.5	11.0	N.M.	N.M.	N.M.

For the three months ended 30 June 2017 ("2Q17"), Group revenue increased 4.5% to S\$126.0 million from S\$120.5 million in 2Q16 due to higher sales of the Mechatronics Division. The IMS Division posted a decline in sales due mainly to the absence of sales from Precico Electronics Sdn. Bhd. ("PESB") in 2Q17 following the completion of the disposal of PESB on 31 March 2017. Excluding the revenue contribution from PESB in 2Q16, Group revenue would have increased 16.7% year-on-year in 2Q17.

For the six months ended 30 June 2017 ("1H17"), Group revenue gained 11.0% to S\$260.4 million from S\$234.5 million in 1H16 due to higher sales contribution from the Mechatronics Division.

Revenue breakdown by Business Segment

Sales	2Q17	2Q16	yoy	1Q17	qoq	1H17	1H16	yoy
	S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
MECHATRONICS DIVISION								
Semiconductor	30,594	20,261	51.0	31,169	(1.8)	61,763	40,200	53.6
Medical	16,606	16,260	2.1	15,488	7.2	32,094	32,416	(1.0)
Analytical	27,083	21,798	24.2	28,159	(3.8)	55,242	41,394	33.5
Industrial Automation	15,365	16,085	(4.5)	10,677	43.9	26,042	30,417	(14.4)
Others	5,302	4,366	21.4	4,118	28.8	9,420	8,098	16.3
Mechatronics Total	94,950	78,770	20.5	89,611	6.0	184,561	152,525	21.0
IMS DIVISION								
Automotive	20,986	31,710	(33.8)	34,548	(39.3)	55,534	62,769	(11.5)
Office Automation	599	992	(39.6)	763	(21.5)	1,362	1,860	(26.8)
Consumer & Industrial								
Electronics	5,700	5,133	11.0	5,074	12.3	10,774	10,419	3.4
Others	304	209	45.5	327	(7.0)	631	324	94.8
Tooling	3,353	3,695	(9.3)	4,088	(18.0)	7,441	6,625	12.3
IMS Total	30,942	41,739	(25.9)	44,800	(30.9)	75,742	81,997	(7.6)

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

Revenue at the Mechatronics Division improved 20.5% to S\$95.0 million in 2Q17 from S\$78.8 million in 2Q16, driven mainly by increased sales of the semiconductor and analytical segments.

The higher sales from the semiconductor segment in 2Q17 were attributed mainly to increased orders for products that are related to front-end and back-end semiconductor equipment. The analytical segment also witnessed higher orders during 2Q17, driven mainly by demand from end-users in the life sciences and semiconductor industries. Sales of the medical segment remained stable in 2Q17 while sales of the industrial automation segment, which is typically lumpy in nature, declined marginally in 2Q17 as compared to 2Q16.

Revenue at the IMS Division decreased by 25.9% to S\$30.9 million in 2Q17 from S\$41.7 million in 2Q16. This was attributed mainly to the reduction in sales of the automotive segment following the disposal of PESB. On the other hand, the consumer & industrial electronics segment registered higher sales in 2Q17 as compared to 2Q16 in tandem with the increase in revenue from a key customer. The Group's strategy has been to reduce its focus on the office automation segment and this accounts for the decline in sales from this segment.

Gross Profit Margin

In tandem with higher sales, the Group's gross profit increased 18.3% to S\$21.7 million in 2Q17 from S\$18.4 million in 2Q16. Gross profit for 1H17 was S\$44.8 million, up 25.4% from S\$35.7 million in 1H16.

Gross profit margin for both periods in 2Q17 and 1H17 expanded to 17.2% as compared to 15.2% for the previous corresponding periods in 2Q16 and 1H16. The increase was attributed mainly to improved capacity utilisation and the shift in sales mix in the Mechatronics Division.

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

Other income, net of other operating expenses, increased to S\$1.3 million in 2Q17 from S\$1.1 million in 2Q16 due mainly to higher government grants. For 1H17, other income, net of other operating expenses, increased to S\$1.6 million from S\$1.4 million in 1H16 due mainly to higher grants and lower net foreign exchange loss.

Selling and Administrative Expenses

Selling and distribution expenses in 2Q17 were unchanged at S\$2.7 million compared to 2Q16. For 1H17, selling and distribution expenses were also unchanged at S\$5.5 million versus 1H16.

Administrative and general expenses increased by 9.0% to S\$11.9 million in 2Q17 from S\$10.9 million in 2Q16, and by 12.7% to S\$23.9 million in 1H17 from S\$21.2 million in 1H16. These increases were attributed mainly to higher staff costs and other personnel related expenses.

Finance Costs

Finance costs remained stable at S\$0.4 million in 2Q17 compared to 2Q16. For 1H17, the Group's finance costs decreased to S\$0.7 million from S\$0.8 million in 1H16.

Group Profit before Income Tax

The Group's profit before income tax (PBT) in 2Q17 increased by 54.8% to S\$8.4 million from S\$5.4 million in 2Q16. For 1H17, the Group's PBT, excluding the net gain on disposal of subsidiaries, improved significantly by 70.9% to S\$16.7 million from S\$9.8 million in 1H16.

Including the net gain on disposal of subsidiaries of S\$10.2 million in 1Q17, the Group recorded a PBT of S\$26.9 million in 1H17, an increase of 175.1% from S\$9.8 million in 1H16.

Group Net Profit Attributable to Equity Holders of the Company

	1Q	2Q	1H	3Q	4Q	Full Year
FY2017 (S\$'000)	16,275 *	6,636	22,911	-	-	-
FY2016 (S\$'000)	3,060	4,104	7,164	4,379	4,362	15,905
yoy (%)	431.9	61.7	219.8	N.M.	N.M.	N.M.

*including net gain on disposal of subsidiaries of S\$10.2 million

After accounting for income tax, the Group reported net profit attributable to equity holders of S\$6.6 million in 2Q17, an increase of 61.7% from S\$4.1 million in 2Q16.

Net profit attributable to equity holders for 1H17 increased substantially to S\$22.9 million, up 219.8% from S\$7.2 million in 1H16. Excluding the net gain on disposal of subsidiaries, the Group posted a 77.6% increase in net profit to S\$12.7 million in 1H17 from S\$7.2 million in 1H16. The Mechatronics and IMS Divisions posted net profits of S\$11.5 million and S\$0.8 million respectively in 1H17 as compared to S\$7.1 million and S\$74,000 in 1H16.

Balance Sheet

As at 30 June 2017, the Group had shareholders' equity of S\$233.0 million, equivalent to net asset value of 56.12 cents per share based on the total number of issued shares of 415.2 million shares.

Total assets as at 30 June 2017 increased to S\$396.9 million from S\$363.0 million at the end of December 2016. Cash and cash equivalents increased to S\$58.4 million from S\$18.5 million as at 31 December 2016 due mainly to proceeds from disposal of subsidiaries. Inventories increased to S\$112.4 million from S\$109.3 million at the end of December 2016 to meet the fulfillment of orders to customers. Trade receivables increased to S\$95.2 million from S\$90.7 million as at 31 December 2016 in line with higher sales.

Trade payables increased to S\$61.3 million as at 30 June 2017 from S\$51.5 million as at 31 December 2016, attributed to higher purchases of materials required to fulfill customers' orders.

The Group had net bank borrowings of S\$4.4 million as at 30 June 2017, compared to S\$40.3 million as at 31 December 2016. The Group's net debt-to-equity ratio as at 30 June 2017 was 1.9%, a decrease from 18.9% as at 31 December 2016.

Cash Flow Analysis

The Group generated net cash from operating activities of S\$11.2 million in 1H17. Net cash generated from investing activities amounted to S\$28.2 million in 1H17, attributed mainly to proceeds from the disposal of subsidiaries which was offset partially by capital expenditure. The Group generated net cash of S\$4.5 million from financing activities in 1H17, due mainly to net proceeds derived from short term borrowings and issuance of share capital from exercise of share options granted to employees.

As a result of the above, the Group recorded a net increase in cash and cash equivalents of S\$43.9 million during 1H17. When added to its opening cash and cash equivalents of minus S\$10.0 million at the beginning of 1H17 and after accounting for the negative effect of foreign currency movements of S\$0.5 million on its opening cash and cash equivalents, the Group had an ending cash balance of S\$33.4 million as at 30 June 2017.

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 2Q17 are in line with the guidance provided in its financial statements posted on the SGX website on 11 May 2017.

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

INDUSTRY AND GROUP STRATEGIES

Although the global macro economic recovery appears to be on a firmer footing, uneven demand conditions across different business sectors will continue to pose risks and challenges to the business operating environment. The Group will continue to rely on the diversity of both its business and customer base to provide resilience and stability in its performance.

The Group's goal is to deliver sustainable and profitable long-term growth. To realise this outcome, the Group is continuing to focus on achieving operational excellence and strengthening its position as a premier Global Integrated Technology Solutions Company to expand its market share.

In 1H17, the Group witnessed positive top line results particularly from its semiconductor, analytical and automotive (excluding PESB's contributions) segments. This was achieved on the back of the robust market for semiconductor equipment and the Group's efforts to secure new programs with its customers. Both the Mechatronics and IMS divisions are working closely with customers on the next generation of technology and products.

To attain operational excellence, the Group is putting in place new tools, best practices and fostering a culture of continuous improvement, effective and efficient operations.

The Mechatronics division continues to develop new capabilities while closely tracking customers' technology and product roadmaps. This division is benefiting from several initiatives implemented to raise its capacity, operational efficiency and productivity.

The IMS Division continues to enhance its competencies and increase the differentiation of its automotive segment. Besides the automation of critical manufacturing processes, the division is developing a "IMS Centre of Expertise" which will focus on mould design and fabrication, moulding technology, and engineering support for new programs. The IMS division is currently developing a new manufacturing facility in Chuzhou, Anhui Province.

BUSINESS SEGMENT OUTLOOK

Based on current indicators, revenue of the semiconductor segment is expected to be higher in 3Q17 as compared to 3Q16, albeit slower than in 2Q17.

Revenue of the analytical segment is anticipated to be higher in 3Q17 compared to 3Q16 while the medical segment is expected to deliver stable year-on-year sales.

Industrial automation segment is projected to post softer revenue in 3Q17 versus 3Q16 due to an expected slowdown in demand for production equipment for storage drives.

The overall revenue of the automotive segment is expected to be lower in 3Q17 as compared to 3Q16, owing mainly to the disposal of PESB with effect from 1 April 2017.

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	
	30/6/2017	30/6/2016
	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-17

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 2017 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 2017