



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		
	30/06/19 \$'000	30/06/18 \$'000	% Change	30/06/19 \$'000	30/06/18 \$'000	% Change
Revenue	164,346	147,426	11.5%	323,425	286,176	13.0%
Cost of sales	(136,336)	(123,251)	10.6%	(270,295)	(238,887)	13.1%
Gross profit	28,010	24,175	15.9%	53,130	47,289	12.4%
Other income (Note 1)	727	1,015	-28.4%	1,817	2,397	-24.2%
Selling and distribution expenses	(3,534)	(2,988)	18.3%	(6,576)	(6,073)	8.3%
Administrative and general expenses	(10,631)	(12,311)	-13.6%	(21,457)	(24,200)	-11.3%
Other operating expenses (Note 1)	(93)	(365)	-74.5%	(819)	(1,014)	-19.2%
Interest income	427	295	44.7%	805	862	-6.6%
Finance costs	(812)	(730)	11.2%	(1,568)	(1,290)	21.6%
Profit before income tax	14,094	9,091	55.0%	25,332	17,971	41.0%
Income tax expense	(2,891)	(2,083)	38.8%	(5,489)	(4,145)	32.4%
Profit for the year	11,203	7,008	59.9%	19,843	13,826	43.5%
Profit attributable to:						
Equity holders of the Company	11,109	7,000	58.7%	19,707	13,757	43.3%
Non-controlling interests	94	8	1075.0%	136	69	97.1%
	11,203	7,008	59.9%	19,843	13,826	43.5%
Note 1 - Other income/(Other operating expenses)						
Other income	727	1,015	-28.4%	1,817	2,397	-24.2%
Other operating expenses	(93)	(365)	-74.5%	(819)	(1,014)	-19.2%
	634	650	-2.5%	998	1,383	-27.8%
Included in Other income/(Other operating expenses):						
(Loss)/Gain on disposal of property, plant and equipment, net	7	(211)	N.M.	48	(165)	N.M.
Government grants	280	407	-31.2%	765	1,221	-37.3%
Foreign exchange (loss)/gain, net	28	43	-34.9%	(628)	(234)	168.4%
Scrap sales	154	197	-21.8%	304	347	-12.4%
Project income	10	-	N.M.	138	-	N.M.
Other income	157	218	-28.0%	373	218	71.1%
Other expenses	(2)	(4)	-50.0%	(2)	(4)	-50.0%
	634	650	-2.5%	998	1,383	-27.8%

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		
	30/06/19	30/06/18	%	30/06/19	30/06/18	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Profit for the period/year is arrived at after charging/(crediting) :-						
Investment income	-	-	N.M.	-	-	N.M.
Other income including interest income	(1,154)	(1,310)	-12%	(2,622)	(3,259)	-20%
Interest on borrowings	812	730	11%	1,568	1,290	22%
Depreciation of property, plant and equipment	3,922	3,922	N.M.	7,822	7,456	5%
Depreciation of right-of-use assets	1,304	-	N.M.	2,498	-	N.M.
Depreciation of investment properties	16	17	-6%	32	35	-9%
Amortisation of intangible assets	146	327	-55%	285	631	-55%
(Write back)/Allowance for doubtful debts and bad debts written off	(13)	20	N.M.	18	28	-36%
(Write back)/Allowance for inventory obsolescence	498	614	-19%	521	899	-42%
Foreign exchange loss/(gain), net	(28)	(43)	-35%	628	234	168%
Adjustments for under/(over) provision of tax in respect of prior years	(64)	(174)	-63%	(82)	(150)	-45%
Loss/(Gain) on disposal of property, plant and equipment, net	(7)	211	N.M.	(48)	165	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	
	30/06/19 \$'000	31/12/18 \$'000	30/06/19 \$'000	31/12/18 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	94,410	97,353	-	-
Right-of-use assets ⁽¹⁾	16,176	-	-	-
Investment properties	1,669	1,704	-	-
Subsidiaries	-	-	127,862	127,666
Financial asset at fair value through other comprehensive income	3,235	3,235	3,235	3,235
Intangible assets	19,239	19,684	-	-
Deferred income tax assets	1,352	1,445	-	-
Other receivables, deposits and prepayments	600	840	-	-
Total non-current assets	136,681	124,261	131,097	130,901
CURRENT ASSETS				
Inventories	153,978	144,619	-	-
Trade receivables	111,957	115,870	-	-
Receivable from subsidiaries	-	-	6,749	6,766
Dividends receivable from subsidiaries	-	-	-	11,282
Other receivables, deposits and prepayments	13,259	10,897	52	39
Tax recoverable	880	1,009	-	-
Cash and cash equivalents	63,105	67,084	5,974	4,667
Total current assets	343,179	339,479	12,775	22,754
Total assets	479,860	463,740	143,872	153,655
CURRENT LIABILITIES				
Trade payables	71,880	79,198	-	-
Payable to a subsidiary	-	-	692	572
Other payables, accruals and provisions	34,464	38,267	363	706
Lease liabilities ⁽¹⁾	4,668	-	-	-
Borrowings	66,841	67,496	4,038	4,758
Income tax payable	5,732	4,577	15	9
Total current liabilities	183,585	189,538	5,108	6,045
NON-CURRENT LIABILITIES				
Lease liabilities ⁽¹⁾	11,714	-	-	-
Borrowings	452	1,210	-	-
Retirement benefit obligations	1,783	1,624	-	-
Deferred income tax liabilities	3,726	3,849	-	-
Total non-current liabilities	17,675	6,683	-	-
Total liabilities	201,260	196,221	5,108	6,045
NET ASSETS	278,600	267,519	138,764	147,610
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	103,282	102,892	103,282	102,892
Foreign currency translation reserve	791	1,184	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	1,873	1,682	1,873	1,682
Statutory reserve fund	3,635	3,483	-	-
Share option reserve	837	831	837	831
Fair value reserve	(3,165)	(3,165)	(3,165)	(3,165)
Other reserve	(963)	(967)	-	-
Retained profits	167,099	156,607	35,937	45,370
	275,734	264,892	138,764	147,610
Non-controlling interests	2,866	2,627	-	-
TOTAL EQUITY	278,600	267,519	138,764	147,610

⁽¹⁾ The Group has adopted SFRS(I) 16 Leases with effect from 1 January 2019. Please refer to paragraph 4.

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

Amount repayable in one year or less, or on demand

As at 30/06/19	
Secured \$'000	Unsecured \$'000
36,251	35,258

As at 31/12/18	
Secured \$'000	Unsecured \$'000
28,907	38,589

Amount repayable after one year

As at 30/06/19	
Secured \$'000	Unsecured \$'000
12,166	-

As at 31/12/18	
Secured \$'000	Unsecured \$'000
716	494

Details of any collateral

Details of the borrowings of the Group and the Company and their securities as at 30 June 2019 are as follows:

	<u>Note</u>	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	24,123	301	24,424
Other short-term borrowings	(ii)	6,863	33,661	40,524
Term Loans	(iii)	1,049	1,296	2,345
Total borrowings *		<u>32,035</u>	<u>35,258</u>	<u>67,293</u>

* Total borrowings did not include lease liabilities that arose from SFRS(I) 16 adoption.

- (i) bank overdrafts of :-
- (a) \$23,136,000 is secured by mortgage over properties, pledged on the machineries, inventories and certain trade receivables of the subsidiaries of the Company in The Netherlands; and
- (b) \$987,000 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 and machinery of a subsidiary 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	3 months ended	6 months ended	6 months ended
	30/06/19	30/06/18	30/06/19	30/06/18
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit after tax	11,203	7,008	19,843	13,826
Adjustments for:				
Income tax expense	2,891	2,083	5,489	4,145
Exchange differences	(555)	(94)	249	317
Employee share option expense	99	98	197	236
Depreciation of property, plant and equipment	3,922	3,922	7,822	7,456
Depreciation of right-of-use assets	1,304	-	2,498	-
Depreciation of investment properties	16	17	32	35
Loss/(Gain) on disposal of property, plant and equipment, net	(7)	211	(48)	165
Interest income	(427)	(295)	(805)	(862)
Interest expense	812	730	1,568	1,290
Amortisation of intangible assets	146	327	285	631
Operating cash flow before working capital changes	19,404	14,007	37,130	27,239
Changes in operating assets and liabilities :				
Inventories	(7,651)	(12,262)	(10,208)	(26,785)
Receivables	(2,262)	(2,507)	1,303	(11,392)
Payables	(1,628)	(247)	(8,928)	9,442
Cash flows generated from/(used in) operations	7,863	(1,009)	19,297	(1,496)
Tax paid	(2,450)	(1,067)	(4,205)	(3,841)
Interest paid	(812)	(730)	(1,568)	(1,290)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	4,601	(2,806)	13,524	(6,627)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	427	295	805	862
Additions of intangible assets	(17)	-	(17)	-
Purchase of property, plant and equipment (Note 1)	(1,566)	(7,273)	(6,573)	(12,544)
Proceeds from intangible assets	-	-	-	382
Proceeds from disposal of property, plant and equipment	67	372	123	426
Repayment of loan from a third party	90	-	150	-
NET CASH USED IN INVESTING ACTIVITIES	(999)	(6,606)	(5,512)	(10,874)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital	202	492	390	830
Repayment of lease liabilities	(1,180)	-	(2,270)	-
Repayment of short term bank borrowings	(32,692)	(40,989)	(56,262)	(68,517)
Repayment of term loans	(140)	(198)	(269)	(416)
Proceeds from short term bank borrowings	31,760	44,442	52,757	85,946
Proceeds from term loans	-	274	-	1,418
Dividend paid to shareholders	(9,063)	(10,055)	(9,063)	(10,055)
(Withdrawal)/Placement of fixed deposits pledged as securities	(3)	1	(29)	(1)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(11,116)	(6,033)	(14,746)	9,205
Net decrease in cash and cash equivalents	(7,514)	(15,445)	(6,734)	(8,296)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	46,512	52,493	45,060	44,604
Effect of exchange rate changes on cash and cash equivalents	(465)	682	207	1,422
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	38,533	37,730	38,533	37,730

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	
	30/06/19 \$'000	30/06/18 \$'000	30/06/19 \$'000	30/06/18 \$'000
Cash and cash equivalents at end of the financial period comprise:				
Short term funds placed with Malaysian financial institutions	43,818	45,926	43,818	45,926
Deposits with licensed banks	5,249	3,620	5,249	3,620
Cash and bank balances	14,038	11,660	14,038	11,660
Bank overdrafts	(24,424)	(23,356)	(24,424)	(23,356)
	<u>38,681</u>	<u>37,850</u>	<u>38,681</u>	<u>37,850</u>
Less: Deposits pledged as securities	(148)	(120)	(148)	(120)
	<u><u>38,533</u></u>	<u><u>37,730</u></u>	<u><u>38,533</u></u>	<u><u>37,730</u></u>

Note 1 :

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$5,042,000 (30.06.2018: \$13,032,000) of which \$64,000 (30.06.2018: \$1,307,000) was included in other payables at balance sheet date. Cash payments of \$6,573,000 (30.06.2018: \$12,544,000) includes an amount of \$1,595,000 (30.06.2018: \$819,000) for payment from other payables to purchase property, plant and equipment incurred in previous financial year.

1(d) Consolidated statement of comprehensive income

	3 months ended		6 months ended	
	30/06/19 \$'000	30/06/18 \$'000	30/06/19 \$'000	30/06/18 \$'000
<u>Statement of Comprehensive Income</u>				
Profit for the period	11,203	7,008	19,843	13,826
<i>Item that may be reclassified subsequently to income statement :</i>				
- Currency translation differences arising from consolidation	(715)	(1,346)	(286)	2,199
Total comprehensive income for the period	<u><u>10,488</u></u>	<u><u>5,662</u></u>	<u><u>19,557</u></u>	<u><u>16,025</u></u>
Attributable to:				
Equity holders of the Company	10,325	5,682	19,318	16,016
Non-controlling interests	163	(20)	239	9
Total comprehensive income for the period	<u><u>10,488</u></u>	<u><u>5,662</u></u>	<u><u>19,557</u></u>	<u><u>16,025</u></u>

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 2019 and 30 June 2018

	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	Fair Value Reserve \$'000	Other Reserve \$'000	Retained Profits \$'000	Total \$'000	Non- Controlling Interests \$'000	Total Equity \$'000
The Group												
At 1 April 2019	103,080	1,570	2,345	1,770	3,565	841	(3,165)	(958)	165,123	274,171	2,703	276,874
Profit for the quarter	-	-	-	-	-	-	-	-	11,109	11,109	94	11,203
Other comprehensive income/(loss):												
Currency translation differences arising from consolidation	-	(779)	-	-	-	-	-	(5)	-	(784)	69	(715)
Total comprehensive income/(loss) for the quarter	-	(779)	-	-	-	-	-	(5)	11,109	10,325	163	10,488
<i>Transactions with owners recognised directly in equity</i>												
Transfer to statutory reserve fund	-	-	-	-	70	-	-	-	(70)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	99	-	-	-	99	-	99
- Issue of share capital	202	-	-	103	-	(103)	-	-	-	202	-	202
Dividend Paid	-	-	-	-	-	-	-	-	(9,063)	(9,063)	-	(9,063)
	202	-	-	103	70	(4)	-	-	(9,133)	(8,762)	-	(8,762)
At 30 June 2019	103,282	791	2,345	1,873	3,635	837	(3,165)	(963)	167,099	275,734	2,866	278,600
At 1 April 2018	102,281	7,882	2,345	1,348	3,136	871	(2,595)	(995)	143,736	258,009	2,372	260,381
Profit for the quarter	-	-	-	-	-	-	-	-	7,000	7,000	8	7,008
Other comprehensive income/(loss):												
Currency translation differences arising from consolidation	-	(1,335)	-	-	-	-	-	17	-	(1,318)	(28)	(1,346)
Total comprehensive income/(loss) for the quarter	-	(1,335)	-	-	-	-	-	17	7,000	5,682	(20)	5,662
<i>Transactions with owners recognised directly in equity</i>												
Transfer to statutory reserve fund	-	-	-	-	(70)	-	-	-	70	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	98	-	-	-	98	-	98
- Issue of share capital	492	-	-	275	-	(275)	-	-	-	492	-	492
Dividend paid	-	-	-	-	-	-	-	-	(10,055)	(10,055)	-	(10,055)
	492	-	-	275	(70)	(177)	-	-	(9,985)	(9,465)	-	(9,465)
At 30 June 2018	102,773	6,547	2,345	1,623	3,066	694	(2,595)	(978)	140,751	254,226	2,352	256,578

Attributable to equity holders of the Company

The Company	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Merger Reserve \$'000	Capital Reserve \$'000	Statutory Reserve Fund \$'000	Share Option Reserve \$'000	Fair Value Reserve \$'000	Retained Profits \$'000	Total \$'000
At 1 April 2019	103,080	-	-	1,770	-	841	(3,165)	45,223	147,749
Total comprehensive loss for the quarter	-	-	-	-	-	-	-	(223)	(223)
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Value of employee services	-	-	-	-	-	99	-	-	99
- Issue of share capital	202	-	-	103	-	(103)	-	-	202
Dividend paid	-	-	-	-	-	-	-	(9,063)	(9,063)
	202	-	-	103	-	(4)	-	(9,063)	(8,762)
At 30 June 2019	103,282	-	-	1,873	-	837	(3,165)	35,937	138,764
At 1 April 2018	102,281	-	-	1,348	-	871	(2,595)	44,924	146,829
Total comprehensive loss for the quarter	-	-	-	-	-	-	-	(168)	(168)
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Value of employee services	-	-	-	-	-	98	-	-	98
- Issue of share capital	492	-	-	275	-	(275)	-	-	492
Dividend paid	-	-	-	-	-	-	-	(10,055)	(10,055)
	492	-	-	275	-	(177)	-	(10,055)	(9,465)
At 30 June 2018	102,773	-	-	1,623	-	694	(2,595)	34,701	137,196

(b) Statement of changes in equity for the six months ended 30 June 2019 and 30 June 2018

	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	Fair Value Reserve \$'000	Other Reserve \$'000	Retained Profits \$'000	Total \$'000	Non- Controlling Interests \$'000	Total Equity \$'000
The Group												
At 1 January 2019	102,892	1,184	2,345	1,682	3,483	831	(3,165)	(967)	156,607	264,892	2,627	267,519
Profit for the period	-	-	-	-	-	-	-	-	19,707	19,707	136	19,843
Other comprehensive income/(loss):												
Currency translation differences arising from consolidation	-	(393)	-	-	-	-	-	4	-	(389)	103	(286)
Total comprehensive income/(loss) for the period	-	(393)	-	-	-	-	-	4	19,707	19,318	239	19,557
<i>Transactions with owners recognised directly in equity</i>												
Transfer to statutory reserve fund	-	-	-	-	152	-	-	-	(152)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	197	-	-	-	197	-	197
- Issue of share capital	390	-	-	191	-	(191)	-	-	-	390	-	390
Dividend Paid	-	-	-	-	-	-	-	-	(9,063)	(9,063)	-	(9,063)
	390	-	-	191	152	6	-	-	(9,215)	(8,476)	-	(8,476)
At 30 June 2019	103,282	791	2,345	1,873	3,635	837	(3,165)	(963)	167,099	275,734	2,866	278,600
At 1 January 2018	101,943	4,293	2,345	1,193	3,032	888	(2,595)	(983)	137,083	247,199	2,343	249,542
Profit for the period	-	-	-	-	-	-	-	-	13,757	13,757	69	13,826
Other comprehensive income/(loss):												
Currency translation differences arising from consolidation	-	2,254	-	-	-	-	-	5	-	2,259	(60)	2,199
Total comprehensive income for the period	-	2,254	-	-	-	-	-	5	13,757	16,016	9	16,025
<i>Transactions with owners recognised directly in equity</i>												
Transfer to/(from) statutory reserve fund	-	-	-	-	34	-	-	-	(34)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	236	-	-	-	236	-	236
- Issue of share capital	830	-	-	430	-	(430)	-	-	-	830	-	830
Dividend Paid	-	-	-	-	-	-	-	-	(10,055)	(10,055)	-	(10,055)
	830	-	-	430	34	(194)	-	-	(10,089)	(8,989)	-	(8,989)
At 30 June 2018	102,773	6,547	2,345	1,623	3,066	694	(2,595)	(978)	140,751	254,226	2,352	256,578

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	Fair Value Reserve \$'000	Retained Profits \$'000	Total \$'000
The Company									
At 1 January 2019	102,892	-	-	1,682	-	831	(3,165)	45,370	147,610
Total comprehensive loss for the period	-	-	-	-	-	-	-	(370)	(370)
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Value of employee services	-	-	-	-	-	197	-	-	197
- Issue of share capital	390	-	-	191	-	(191)	-	-	390
Dividend paid	-	-	-	-	-	-	-	(9,063)	(9,063)
	390	-	-	191	-	6	-	(9,063)	(8,476)
At 30 June 2019	103,282	-	-	1,873	-	837	(3,165)	35,937	138,764
At 1 January 2018	101,943	-	-	1,193	-	888	(2,595)	45,041	146,470
Total comprehensive loss for the period	-	-	-	-	-	-	-	(285)	(285)
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Value of employee services	-	-	-	-	-	236	-	-	236
- Issue of share capital	830	-	-	430	-	(430)	-	-	830
Dividend paid	-	-	-	-	-	-	-	(10,055)	(10,055)
	830	-	-	430	-	(194)	-	(10,055)	(8,989)
At 30 June 2018	102,773	-	-	1,623	-	694	(2,595)	34,701	137,196

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 390,000 and 610,000 new ordinary shares pursuant to the Company's employee share option scheme at the exercise price of \$0.168 and \$0.224 each respectively. There are no treasury shares held as at the end of the current quarter.

	Total number of issued shares as at	
	30/06/19	30/06/18
Number of issued shares	423,502,409	420,907,409
Number of treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>423,502,409</u>	<u>420,907,409</u>

Share options

The movement of share options of the Company during the period from 1 April 2019 to 30 June 2019 is as follows:

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 1.4.2019	Granted during the period	Forfeited during the period	Exercised during the period	As at 30.6.2019		
1.12.2009 (2009 Option)	390,000	0	0	(390,000)	0	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	1,905,000	0	0	(610,000)	1,295,000	\$0.224	1.12.2012 - 30.11.2020
1.4.2016 (2016 Option)	500,000	0	0	0	500,000	\$0.184	1.4.2018 - 31.3.2026
6.12.2017 (2017 Option)	3,000,000	0	0	0	3,000,000	\$0.432	6.12.2019 - 5.12.2027
	<u>5,795,000</u>	<u>0</u>	<u>0</u>	<u>(1,000,000)</u>	<u>4,795,000</u>		

	Total number of shares as at	
	30/06/19	30/06/18
Total number of shares that may be issued on exercise of share options outstanding	<u>4,795,000</u>	<u>7,390,000</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	
	30/06/19	31/12/18
Total number of issued shares excluding treasury shares	<u>423,502,409</u>	<u>421,502,409</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.

Other than as mentioned in Paragraph 5 regarding the adoption of SFRS(I) 16 *Leases* effective from 1 January 2019, there were no significant changes in the accounting policies and methods of computation adopted in the financial statements of the current reporting period as compared to the most recently audited annual financial statements as at 31 December 2018.

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 Group has adopted SFRS(I) 16 *Leases* which are effective for the financial period beginning on or after 1 January 2019. The Group has opted for cumulative catch-up approach where the comparative figures for the year prior to the first adoption was not restated. Right-of-use assets will be measured at the amount of the lease liabilities (adjusted for any prepaid or accrued lease expenses).

On adoption of SFRS(I) 16 *Leases* on 1 January 2019, the Group has recognised right-of-use assets of S\$18,237,000 and lease liabilities of S\$18,237,000 unless they qualify for low value assets or short-term leases upon the application of SFRS(I) 16.

Except for the adoption of SFRS(I) 16, the adoption of the other new/revised standards that are effective on 1 January 2019 has no material impact on the financial statements.

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	
	30/06/19	30/06/18	30/06/19	30/06/18
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)	2.62	1.66	4.66	3.28
- Weighted average number of shares (in thousand)	423,316	420,639	422,496	418,832
(ii) On a fully diluted basis (in cents)	2.61	1.65	4.65	3.26
- Adjusted weighted average number of shares (in thousand)	425,115	423,395	423,855	421,694

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	
	30/06/19	31/12/18	30/06/19	31/12/18
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	65.11	62.84	32.77	35.02

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 30.06.2019 of 423,502,409 (31.12.2018 : 421,502,409).

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 Global Integrated Technology Solutions Company that provides comprehensive Original Design, Original Equipment and Diversified Integrated Manufacturing solutions for world-class multinational companies in the automotive, healthcare, industrial, life sciences and semiconductor industries.

The Group has capabilities to offer end-to-end solutions across the entire customer value chain - from product conceptualisation, integrated design, prototyping and new product introductions, to supply chain design and management, state-of-the-art value and volume manufacturing and logistics services.

With 3,500 employees located in 17 operating sites across Asia, Europe and the USA, the Group offers its growing base of customers a global reach backed by local expertise. Working in partnership with its global customers, the Group unites the strengths of its strategically located businesses to create value for its customers.

Income Statement

Group Revenue

	1Q	2Q	1H	3Q	4Q	Full Year
FY2019 (S\$'000)	159,079	164,346	323,425	-	-	-
FY2018 (S\$'000)	138,750	147,426	286,176	163,913	175,702	625,791
yoy (%)	14.7	11.5	13.0	N.M.	N.M.	N.M.

For the three months ended 30 June 2019 ("2Q19"), the Group's revenue increased 11.5% year-on-year (yoy) to S\$164.3 million due to higher sales at the Mechatronics Division which compensated for a softer sales contribution from the IMS Division.

For the six months ended 30 June 2019 ("1H19"), the Group's revenue increased 13.0% to S\$323.4 million, driven mainly by sales growth of the Mechatronics Division.

Revenue breakdown by Business Segment

Sales	2Q19	2Q18	yoy	1Q19	qoq	1H19	1H18	yoy
	S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
MECHATRONICS DIVISION								
Semiconductor	24,262	31,396	(22.7)	26,380	(8.0)	50,642	67,319	(24.8)
Medical	22,754	21,187	7.4	19,460	16.9	42,214	40,946	3.1
Analytical	35,541	33,862	5.0	36,023	(1.3)	71,564	66,228	8.1
Industrial Automation	46,111	20,162	128.7	41,961	9.9	88,072	34,415	155.9
Others	4,342	7,396	(41.3)	4,174	4.0	8,516	12,018	(29.1)
Mechatronics Total	133,010	114,003	16.7	127,998	3.9	261,008	220,926	18.1
IMS DIVISION								
Automotive	24,992	24,960	0.1	24,296	2.9	49,288	48,466	1.7
Consumer & Industrial								
Electronics	4,686	5,672	(17.4)	4,697	(0.2)	9,383	11,039	(15.0)
Others	1,150	690	66.7	1,179	(2.5)	2,329	1,330	75.1
Tooling	855	2,028	(57.8)	1,318	(35.1)	2,173	4,270	(49.1)
IMS Total	31,683	33,350	(5.0)	31,490	0.6	63,173	65,105	(3.0)

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

The Mechatronics Division posted revenue growth of 16.7% yoy to S\$133.0 million in 2Q19 due mainly to strong sales recorded by the industrial automation segment.

Sales of the industrial automation segment, which is typically lumpy in nature, grew 128.7% yoy to S\$46.1 million in 2Q19 due to increased orders for storage drive production equipment from a key multinational customer.

Sales of the medical segment improved 7.4% yoy to S\$22.8 million in 2Q19, attributable to higher demand from a key customer in Europe. The analytical segment recorded a modest increase of 5.0% to S\$35.5 million in 2Q19.

Sales of the semiconductor segment declined 22.7% yoy to S\$24.3 million in 2Q19 due mainly to slower orders for back-end semiconductor equipment as a result of the cyclical downturn in the global semiconductor industry.

Revenue of the IMS Division registered a marginal sales decline of 5.0% yoy to S\$31.7 million in 2Q19 due mainly to reduced sales of the consumer & industrial electronics and tooling segments. The automotive segment recorded stable yoy sales of S\$25.0 million in 2Q19.

Gross Profit Margin

As a result of higher revenue, the Group's gross profit increased 15.9% yoy to S\$28.0 million in 2Q19. Gross profit margin improved to 17.0% in 2Q19 from 16.4% in 2Q18 due mainly to higher margin contribution from the IMS Division.

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

Other income, net of other operating expenses, was stable at S\$0.6 million in 2Q19 compared to 2Q18.

Selling and Administrative Expenses

Selling and distribution expenses increased 18.3% yoy to S\$3.5 million in 2Q19 due mainly to higher transport and freight charges. Administrative and general expenses decreased 13.6% yoy to S\$10.6 million due primarily to a reduction in staff related costs.

Finance Costs

Finance costs in 2Q19 increased to S\$0.8 million from S\$0.7 million in 2Q18 due mainly to the recognition of interest expense arising from the adoption of SFRS (I) 16 Leases.

Group Profit before Income Tax

After accounting for the above items, the Group's profit before income tax increased 55.0% to S\$14.1 million in 2Q19 from S\$9.1 million in 2Q18.

Group Net Profit Attributable to Equity Holders of the Company ("PATMI")

Reported PATMI including exceptional items

	1Q	2Q	1H	3Q	4Q	Full Year
FY2019 (S\$'000)	8,598	11,109	19,707	-	-	-
FY2018 (S\$'000)	6,757	7,000	13,757	5,257 [^]	11,016 [#]	30,030
yoy (%)	27.2	58.7	43.3	N.M.	N.M.	N.M.

[^] including impairment loss of goodwill of S\$2.1 million, impairment loss of deferred development costs of S\$1.4 million and impairment loss of property, plant and equipment of S\$0.5 million

[#] including gain on disposal of a subsidiary of S\$0.1 million

After accounting for income tax of S\$2.9 million, the Group's net profit attributable to equity holders ("PATMI") increased 58.7% to S\$11.1 million in 2Q19 from S\$7.0 million in 2Q18.

For 1H19, the Group recorded PATMI of S\$19.7 million, a gain of 43.3% from S\$13.8 million in 1H18.

In 1H19, the Mechatronics Division posted higher PATMI of S\$17.8 million, compared to S\$14.4 million in 1H18, while the IMS Division reported PATMI of S\$1.4 million to reverse the loss of S\$0.2 million in 1H18.

Balance Sheet

As at 30 June 2019, the Group had shareholders' equity of S\$275.7 million, equivalent to net asset value of 65.11 cents per share based on the total number of issued shares of 423.5 million shares.

Total assets increased to S\$479.9 million as at 30 June 2019 from S\$463.7 million as at 31 December 2018. Property, plant and equipment decreased to S\$94.4 million from S\$97.4 million as at 31 December 2018. Following the adoption of the SFRS (I) 16 Leases, the Group's operating leases are recognised on the balance sheet as right-of-use assets and lease liabilities. As at 30 June 2019, the Group's right-of-use assets stood at S\$16.2 million.

Cash and cash equivalents decreased to S\$63.1 million as at 30 June 2019 from S\$67.1 million as at 31 December 2018. Inventories increased to S\$154.0 million as at 30 June 2019 from S\$144.6 million as at 31 December 2018 to meet the fulfillment of increased orders to customers. Trade receivables decreased to S\$112.0 million as at 30 June 2019 from S\$115.9 million as at 31 December 2018.

Trade payables decreased to S\$71.9 million as at 30 June 2019 from S\$79.2 million as at 31 December 2018. The Group's lease liabilities stood at S\$16.4 million as at 30 June 2019.

Total borrowings decreased to S\$67.3 million as at 30 June 2019 from S\$68.7 million as at end December 2018.

The Group had higher net borrowings of S\$4.2 million as at 30 June 2019 as compared to S\$1.6 million as at 31 December 2018. The Group had a net debt-to-equity ratio of 1.5% as at 30 June 2019.

Cash Flow Analysis

The Group generated net cash of S\$13.5 million from operating activities in 1H19. Net cash used for investing activities amounted to S\$5.5 million in 1H19, due mainly to capital expenditure of S\$6.6 million which was partially offset by interest received.

Net cash used in financing activities amounted to S\$14.7 million in 1H19 due primarily to payment of dividends to shareholders, net repayment of short term bank borrowings and repayment of principal portion of the lease liabilities.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of S\$6.7 million during 1H19. When added to its opening cash and cash equivalents of S\$45.1 million at the beginning of FY2019 and after accounting for the positive effect of foreign currency movements of S\$0.2 million on its opening cash and cash equivalents, the Group had an ending cash balance of S\$38.6 million as at 30 June 2019.

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 2Q19 are in line with the guidance provided in its financial statements posted on the SGX website on 9 May 2019.

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 CONDITIONS AND GROUP'S STRATEGIES

In spite of challenging market conditions in the global technology sector, the Group achieved a record half yearly revenue of S\$323.4 million in 1H19, up 13% from 1H18. This was driven mainly by strong sales of the Mechatronics Division, in particular the industrial automation segment. As a result of this revenue growth and an expansion in gross profit margin, the Group reported a 43.3% jump in PATMI to S\$19.7 million in 1H19.

Looking ahead, the macroeconomic backdrop is expected to remain challenging during the second half of FY2019 due to continued uncertainties over the global trade environment and extent of the cyclical downturn in the semiconductor industry.

Frencken will continue to operate in a broad array of business segments, end-user markets and geographical regions. This business diversity provides greater resilience and stability to the Group.

In the long term, the Group believes the global technology sector will continue to benefit from the positive market trends in cloud computing, big data, artificial intelligence, the proliferation of connected devices and Internet of Things ("IOT").

To further strengthen its position as a premier Global Integrated Technology Solutions Company, the Group will continue to execute strategies that enhance its value proposition to customers.

The Mechatronics Division continues with the strategy to evolve its business from a "Build to Print" model into a "Build to Spec" or "Original Design Manufacturer" model. This will enable it to move up the value chain and remain in sync with customers' future demand trends. The division also continues to implement multiple initiatives to drive productivity, improve customer focus, raise manufacturing and supply chain excellence and enhance competence development.

The IMS Division is seeking to improve its revenue and profitability by expanding its market share with existing customers, leveraging on new industry trends and opportunities for growth and diversification, as well as through continuous quality and efficiency improvements.

BUSINESS SEGMENT OUTLOOK

Based on current indicators, the medical segment is expected to show moderate yoy growth in revenue for 3Q19 due to increased sales to customers in Europe and Asia.

Revenue of the industrial automation segment, which is typically lumpy in nature, is expected to show a marginal improvement yoy in 3Q19. On a qoq basis however, sales of this segment is anticipated to be softer as compared to 2Q19.

The semiconductor segment is anticipated to post stable revenue in 3Q19 compared to 3Q18.

Revenue of the analytical segment is expected to ease yoy in 3Q19 due mainly to slower orders from customers in Europe.

The automotive segment in 3Q19 is expected to post softer revenue as compared to 3Q18.

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	
	30/06/2019	30/06/2018
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
08-Aug-19

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 2019 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, 8 August 2019