



**FRENCKEN GROUP LIMITED  
and its Subsidiaries  
Registration No. 199905084D**

**Condensed Interim Financial Statements  
For the six months ended 30 June 2021**



**FRENCKEN GROUP LIMITED  
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Registration No. 199905084D**

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## FRENCKEN GROUP LIMITED

(Registration No. 199905084D)

### A. Condensed Interim Consolidated Income Statement

	Group 6 months ended		%
	30/06/21 \$'000	30/06/20 \$'000	
Revenue	375,298	292,508	28.3%
Cost of sales	(309,912)	(247,070)	25.4%
Gross profit	65,386	45,438	43.9%
Other income (Note 1)	3,950	6,477	-39.0%
Selling and distribution expenses	(5,706)	(4,636)	23.1%
Administrative and general expenses	(22,720)	(21,192)	7.2%
Other operating expenses (Note 1)	(1,762)	(2,002)	-12.0%
Interest income	492	998	-50.7%
Finance costs	(1,043)	(1,272)	-18.0%
Profit before income tax	38,597	23,811	62.1%
Income tax expense	(6,962)	(5,170)	34.7%
Profit for the period	31,635	18,641	69.7%
Profit attributable to:			
Equity holders of the Company	31,335	18,736	67.2%
Non-controlling interests	300	(95)	N.M.
	31,635	18,641	69.7%
<u>Note 1 - Other income/(Other operating expenses)</u>			
Other Income	3,950	6,477	-39.0%
Other Operating Expenses	(1,762)	(2,002)	-12.0%
	2,188	4,475	-51.1%
Included in Other income/(Other operating expenses):			
(Loss)/Gain on disposal of property, plant and equipment, net	41	115	-64.3%
Property, plant and equipment written off	(39)	(67)	-41.8%
Government grants	1,415	2,756	-48.7%
Foreign exchange (loss)/gain, net	9	1,015	-99.1%
Scrap sales	426	278	53.2%
Other income	348	389	-10.5%
Other expenses	(12)	(11)	9.1%
	2,188	4,475	-51.1%

N.M. : Not meaningful



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**B. Condensed Interim Consolidated Statement of Comprehensive Income**

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	Group	
	6 months ended	
	30/06/21	30/06/20
	\$'000	\$'000
<b><u>Statement of Comprehensive Income</u></b>		
Profit for the period	31,635	18,641
<i>Item that will not be reclassified subsequently to income statement :</i>		
- Net fair value loss on financial asset designated at fair value through other comprehensive income	(1,000)	-
<i>Item that may be reclassified subsequently to income statement :</i>		
- Currency translation differences arising from consolidation	(1,003)	3,115
Total comprehensive income for the period	<u>29,632</u>	<u>21,756</u>
Attributable to:		
Equity holders of the Company	29,205	21,846
Non-controlling interests	427	(90)
Total comprehensive income for the period	<u>29,632</u>	<u>21,756</u>



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### C. Condensed Interim Balance Sheets

	Group		Company	
	30/06/21 \$'000	31/12/20 \$'000	30/06/21 \$'000	31/12/20 \$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	98,573	99,810	-	-
Right-of-use assets	15,036	16,753	-	-
Investment properties	1,503	1,572	-	-
Subsidiaries	-	-	128,025	128,025
Financial asset at fair value through other comprehensive income	2,235	3,235	2,235	3,235
Intangible assets	11,521	11,712	-	-
Deferred income tax assets	1,527	1,437	-	-
Total non-current assets	130,395	134,519	130,260	131,260
<b>CURRENT ASSETS</b>				
Inventories	185,541	143,200	-	-
Trade receivables	131,883	98,662	-	-
Receivables from subsidiaries	-	-	180	7
Dividends receivable from subsidiaries	-	-	-	8,114
Other receivables, deposits and prepayments	14,302	12,691	14	25
Tax recoverable	-	267	-	-
Cash and cash equivalents	159,355	174,454	7,094	12,772
Total current assets	491,081	429,274	7,288	20,918
Total assets	621,476	563,793	137,548	152,178
<b>CURRENT LIABILITIES</b>				
Trade payables	103,131	80,096	-	-
Payable to a subsidiary	-	-	16	555
Other payables, accruals and provisions	51,635	49,513	942	935
Borrowings	87,360	67,344	-	-
Lease liabilities	5,085	4,913	-	-
Income tax payable	7,083	9,811	-	-
Total current liabilities	254,294	211,677	958	1,490
<b>NON CURRENT LIABILITIES</b>				
Borrowings	133	-	-	-
Lease liabilities	7,882	9,724	-	-
Retirement benefit obligations	2,623	2,657	-	-
Deferred income tax liabilities	3,334	3,452	-	-
Total non-current liabilities	13,972	15,833	-	-
Total liabilities	268,266	227,510	958	1,490
<b>NET ASSETS</b>	353,210	336,283	136,590	150,688
<b>EQUITY</b>				
Capital and reserves attributable to the Company's equity holders				
Share capital	104,434	104,329	104,434	104,329
Foreign currency translation reserve	5,640	6,793	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	1,975	1,914	2,556	2,495
Statutory reserve fund	5,067	4,428	-	-
Share option reserve	296	357	296	357
Fair value reserve	(4,165)	(3,165)	(4,165)	(3,165)
Other reserve	(1,805)	(1,828)	-	-
Retained profits	236,668	218,782	33,469	46,672
	350,455	333,955	136,590	150,688
Non-controlling interests	2,755	2,328	-	-
<b>TOTAL EQUITY</b>	353,210	336,283	136,590	150,688



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**D. Condensed Interim Consolidated Cash Flow Statement**

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30/06/21</b>	<b>30/06/20</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit after tax</b>	31,635	18,641
Adjustments for:		
Income tax expense	6,962	5,170
Exchange differences	36	(491)
Depreciation of property, plant and equipment	7,957	7,713
Depreciation of right-of-use assets	2,739	2,689
Depreciation of investment properties	32	32
Loss on disposal of club membership	-	2
(Gain)/Loss on disposal of property, plant and equipment, net	(41)	(115)
Property, plant and equipment written off	39	67
Interest income	(492)	(998)
Interest expense	1,043	1,272
Amortisation of intangible assets	168	234
Operating cash flow before working capital changes	50,078	34,216
<b>Changes in operating assets and liabilities :</b>		
Inventories	(42,511)	(11,373)
Receivables	(34,983)	8,266
Payables	24,621	(8,953)
<b>Cash flows (used in)/generated from operations</b>	(2,795)	22,156
Tax paid	(9,578)	(2,671)
Interest paid	(1,043)	(1,272)
<b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	(13,416)	18,213
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	492	998
Purchase of property, plant and equipment	(6,426)	(12,441)
Proceeds from intangible assets	-	7
Proceeds from disposal of property, plant and equipment	49	208
Repayment of loan from a third party	240	120
Acquisition of non-controlling interests without a change in control ( <b>Note 1</b> )	-	(1,478)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(5,645)	(12,586)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital	105	280
Repayment of lease liabilities	(2,711)	(2,482)
Repayment of short term bank borrowings	(74,929)	(59,489)
Repayment of term loans	(207)	(331)
Proceeds from short term bank borrowings	83,363	61,570
Dividend paid to shareholders	(12,810)	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	(7,189)	(452)
Net (decrease)/increase in cash and cash equivalents	(26,250)	5,175
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	151,132	109,599
Effect of exchange rate changes on cash and cash equivalents	(906)	(550)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	123,976	114,224

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**D. Condensed Interim Consolidated Cash Flow Statement**

	Group	
	30/06/21	30/06/20
	\$'000	\$'000
<b>Cash and cash equivalents at end of the financial period comprise:</b>		
Short term funds placed with Malaysian financial institutions	43,949	44,821
Deposits with licensed banks	6,314	1,749
Cash and bank balances	109,092	107,101
Bank overdrafts	<u>(35,165)</u>	<u>(39,298)</u>
	124,190	114,373
Less: Deposits pledged as securities	<u>(214)</u>	<u>(149)</u>
	<u>123,976</u>	<u>114,224</u>

**Note 1 :**

On 31 March 2020, the Group acquired the remaining 20% interest in its indirect subsidiary, Frencken America Inc. ("FAM"). Accordingly, FAM is now a wholly-owned subsidiary of the Group. The carrying amount of FAM's net assets in the Group's consolidated financial statements at the date of the acquisition was \$4,485,000.

	FAM
	\$'000
Carrying amount of non-controlling interests ("NCI") acquired (\$4,485,000 x 20%)	897
Consideration paid to NCI	1,478
Decrease in equity attributable to owners of the Company	<u>(581)</u>



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**E. Condensed Interim Consolidated Statement of Changes in Equity**

**(a) Statement of changes in equity for the six months ended 30 June 2021 and 30 June 2020**

	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
<b>The Group</b>												
At 1 January 2021	104,329	6,793	2,345	1,914	4,428	357	(3,165)	(1,828)	218,782	333,955	2,328	336,283
Profit for the period	-	-	-	-	-	-	-	-	31,335	31,335	300	31,635
Other comprehensive income:												
Net fair value loss on financial asset designated at fair value through other comprehensive income	-	-	-	-	-	-	(1,000)	-	-	(1,000)	-	(1,000)
Currency translation differences arising from consolidation	-	(1,153)	-	-	-	-	-	23	-	(1,130)	127	(1,003)
Total comprehensive income/(loss) for the period	-	(1,153)	-	-	-	-	(1,000)	23	31,335	29,205	427	29,632
<i>Transactions with owners recognised directly in equity</i>												
Transfer to statutory reserve fund	-	-	-	-	639	-	-	-	(639)	-	-	-
Employee share option scheme - Issue of share capital	105	-	-	61	-	(61)	-	-	-	105	-	105
Dividend Paid	-	-	-	-	-	-	-	-	(12,810)	(12,810)	-	(12,810)
	105	-	-	61	639	(61)	-	-	(13,449)	(12,705)	-	(12,705)
At 30 June 2021	<u>104,434</u>	<u>5,640</u>	<u>2,345</u>	<u>1,975</u>	<u>5,067</u>	<u>296</u>	<u>(4,165)</u>	<u>(1,805)</u>	<u>236,668</u>	<u>350,455</u>	<u>2,755</u>	<u>353,210</u>
At 1 January 2020	103,486	(1,934)	2,345	1,990	3,834	882	(3,165)	(1,630)	189,565	295,373	2,778	298,151
Profit for the period	-	-	-	-	-	-	-	-	18,736	18,736	(95)	18,641
Other comprehensive income/(loss):												
Currency translation differences arising from consolidation	-	3,182	-	-	-	-	-	(72)	-	3,110	5	3,115
Total comprehensive income/(loss) for the period	-	3,182	-	-	-	-	-	(72)	18,736	21,846	(90)	21,756
<i>Transactions with owners recognised directly in equity</i>												
Transfer to/(from) statutory reserve fund	-	-	-	-	263	-	-	-	(263)	-	-	-
Employee share option scheme - Issue of share capital	280	-	-	170	-	(170)	-	-	-	280	-	280
Acquisition of non-controlling interests without a change in control	-	-	-	(581)	-	-	-	-	-	(581)	(897)	(1,478)
	280	-	-	(411)	263	(170)	-	-	(263)	(301)	(897)	(1,198)
At 30 June 2020	<u>103,766</u>	<u>1,248</u>	<u>2,345</u>	<u>1,579</u>	<u>4,097</u>	<u>712</u>	<u>(3,165)</u>	<u>(1,702)</u>	<u>208,038</u>	<u>316,918</u>	<u>1,791</u>	<u>318,709</u>



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
<b>The Company</b>									
At 1 January 2021	104,329	-	-	2,495	-	357	(3,165)	46,672	150,688
Loss for the year	-	-	-	-	-	-	-	(393)	(393)
Net fair value loss on financial asset designated at fair value through other comprehensive income	-	-	-	-	-	-	(1,000)	-	(1,000)
Total comprehensive loss for the period	-	-	-	-	-	-	(1,000)	(393)	(1,393)
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Issue of share capital	105	-	-	61	-	(61)	-	-	105
Dividend paid	-	-	-	-	-	-	-	(12,810)	(12,810)
	105	-	-	61	-	(61)	-	(12,810)	(12,705)
At 30 June 2021	<u>104,434</u>	<u>-</u>	<u>-</u>	<u>2,556</u>	<u>-</u>	<u>296</u>	<u>(4,165)</u>	<u>33,469</u>	<u>136,590</u>
At 1 January 2020	103,486	-	-	1,990	-	882	(3,165)	45,191	148,384
Total comprehensive loss for the period	-	-	-	-	-	-	-	(13)	(13)
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Issue of share capital	280	-	-	170	-	(170)	-	-	280
	280	-	-	170	-	(170)	-	-	280
At 30 June 2020	<u>103,766</u>	<u>-</u>	<u>-</u>	<u>2,160</u>	<u>-</u>	<u>712</u>	<u>(3,165)</u>	<u>45,178</u>	<u>148,651</u>



## **FRENCKEN GROUP LIMITED**

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### **F. Notes to the condensed interim consolidated financial statements**

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#### **1. Corporate information**

Frencken Group Limited (the "Company") is incorporated in Singapore and listed on the Mainboard of Singapore Exchange Securities Trading Limited. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the "Group"). The principal activity of the Company is that of an investment holding company.

The main principal activities of the Group are:

- (a) Provision of value engineering, prototyping, program management, supply chain management, precision machining components and sheet metal parts manufacturing, modular and equipment system assembly, integration, testing and commissioning.
- (b) Design, engineering, manufacturing and sales of filters.
- (c) Manufacture of mould and die, plastic products and component sub-assembly.
- (d) Vacuum coating, thermal treatment and other related services for plastic component.
- (e) Design and trading of micromechanical product components for automotive industry.

#### **2. Basis of Preparation**

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

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 2021.

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.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

## **2.1 Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 11 – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts

## **3. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

#### 4. Segment and revenue information

Information reported to the key management personnel of the Group for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided, and in respect of the operations, the information is further analysed based on the different classes of customers. Management has chosen to organise the Group around differences in products and services. No operating segments have been aggregated in arriving at the reportable segments of the Group.

The Group has two principal business segments under SFRS(I) 8, as described below, which are the Group's strategic business units. The two strategic business units are organised and managed separately because they require differing technological skill sets and marketing strategies. They are as follows:

- Mechatronics - specialising in the design and manufacture of complex electro-mechanical assemblies and automation systems for original equipment manufacturers.
- Integrated Manufacturing Services ("IMS") - specialising in a one-stop integrated solution to manufacture plastic components (including design and fabrication of mould) for assembly into modules and finished products. It also designs and manufactures high quality oil filters.

The Investment Holding & Management Services segment is not a business segment but essentially are investment holding companies and providing management services to companies within the Group.

The other segment is an investment property holding company.

Inter-segment transactions are determined on terms agreed between the parties. Segment assets consist of non-current and current assets while segment liabilities comprise non-current and current liabilities. Capital expenditure comprises additions to property, plant and equipment.

#### 4.1 Business segments

##### For the six months ended 30 June 2021

	Mechatronics \$'000	Integrated Manufacturing Services \$'000	Investment Holding & Management Services \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>Turnover</b>						
External revenue	320,369	54,788	-	141	-	375,298
Inter-segment sales	-	-	5,121	-	(5,121)	-
	<u>320,369</u>	<u>54,788</u>	<u>5,121</u>	<u>141</u>	<u>(5,121)</u>	<u>375,298</u>
<b>Segment results</b>	30,414	6,040	2,631	63	-	39,148
Interest income	34	12	446	-	-	492
Finance costs	(728)	(312)	(3)	-	-	(1,043)
Profit before income tax						<u>38,597</u>
Income tax expense	(6,295)	(602)	(36)	(29)	-	<u>(6,962)</u>
Total profit						<u><u>31,635</u></u>
Other segment information:						
Capital expenditure	5,311	1,455	9	-	-	6,775
Depreciation and amortisation	6,716	4,078	70	32	-	10,896
Other non-cash expenses other than depreciation and amortisation	1	38	-	-	-	39
	<u>1</u>	<u>38</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39</u>
<b>As at 30 June 2021</b>						
Segment assets	<u>441,664</u>	<u>118,728</u>	<u>59,568</u>	<u>1,516</u>	<u>-</u>	<u>621,476</u>
Segment liabilities	<u>224,700</u>	<u>41,554</u>	<u>1,938</u>	<u>74</u>	<u>-</u>	<u>268,266</u>

**For the six months ended 30 June 2020**

	Mechatronics \$'000	Integrated Manufacturing Services \$'000	Investment Holding & Management Services \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>Turnover</b>						
External revenue	250,903	41,463	-	142	-	292,508
Inter-segment sales	-	835	4,502	-	(5,337)	-
	<u>250,903</u>	<u>42,298</u>	<u>4,502</u>	<u>142</u>	<u>(5,337)</u>	<u>292,508</u>
<b>Segment results</b>	22,855	(604)	1,763	71	-	24,085
Interest income	239	20	792	-	(53)	998
Finance costs	(764)	(530)	(31)	-	53	(1,272)
Profit before income tax						<u>23,811</u>
Income tax expense	(4,720)	(382)	(38)	(30)	-	<u>(5,170)</u>
Total profit						<u><u>18,641</u></u>
Other segment information:						
Capital expenditure	4,411	7,883	7	-	-	12,301
Depreciation and amortisation	5,955	4,613	68	32	-	10,668
Other non-cash expenses other than depreciation and amortisation	27	42	-	-	-	69

**As at 31 December 2020**

Segment assets	<u>377,698</u>	<u>117,979</u>	<u>66,538</u>	<u>1,578</u>	<u>-</u>	<u>563,793</u>
Segment liabilities	<u>180,533</u>	<u>44,570</u>	<u>2,321</u>	<u>86</u>	<u>-</u>	<u>227,510</u>

**4.2 Geographical segments**

	Revenue from external customers		Non-current assets	
	30/06/21 \$'000	30/06/20 \$'000	30/06/21 \$'000	31/12/20 \$'000
<b>Based on location of customer</b>				
The Netherlands	94,782	82,008	37,464	38,066
People's Republic of China	63,975	45,765	37,315	37,435
Malaysia	40,006	18,019	33,329	35,789
Czech Republic	20,049	15,184	-	-
Singapore	35,928	21,570	9,393	10,301
Hungary	5,746	2,565	-	-
America	32,775	29,870	5,925	5,476
Germany	23,462	19,743	-	-
Switzerland	60	44	1,135	1,299
Thailand	32,624	38,012	1,734	1,985
India	3,589	1,762	2,572	2,729
Indonesia	4,383	4,236	-	-
United Kingdom	1,177	732	-	-
Mexico	2,555	1,642	-	-
Italy	5,075	3,731	-	-
Slovakia	1,418	1,079	-	-
Others	7,694	6,546	1	2
	<u>375,298</u>	<u>292,508</u>	<u>128,868</u>	<u>133,082</u>

**4.3 Information about major customers**

Included in revenue arising from Mechatronics division of \$320,369,000 (30.06.2020 : \$250,903,000) are revenue of approximately \$50,149,000 (30.06.2020 : \$54,535,000) which arose from sales to the Group's largest customer.

#### 4.4 Disaggregation of Revenue

A disaggregation of the Group's revenue for the period is as follows:

	Group 6 months ended	
	30/06/21 \$'000	30/06/20 \$'000
At a point in time:		
Sale of goods	369,504	286,824
Installation services	4,065	3,988
Rental income	141	142
	373,710	290,954
Over time:		
Sale of moulds	1,588	1,554
	375,298	292,508

#### 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and Company as at 30 June 2021 and 31 December 2020.

	Group		Company	
	30/06/21 \$'000	31/12/20 \$'000	30/06/21 \$'000	31/12/20 \$'000
Financial asset at fair value through other comprehensive income	2,235	3,235	2,235	3,235
Loans and receivables:				
Trade receivables	131,883	98,662	-	-
Receivables from subsidiaries	-	-	180	7
Dividend receivable from subsidiaries	-	-	-	8,114
Other receivables, deposits and prepayments	14,302	12,691	14	25
Cash and cash equivalents	159,355	174,454	7,094	12,772
Less: Prepayments	(6,904)	(5,564)	(3)	(13)
Total	298,636	280,243	7,285	20,905
Trade payables	103,131	80,096	-	-
Payable to a subsidiary	-	-	16	555
Other payables, accruals and provisions	51,635	49,513	942	935
Borrowings	87,493	67,344	-	-
Lease liabilities	12,967	14,637	-	-
Less: Deferred grant income	-	(477)	-	-
Financial liabilities at amortised cost	255,226	211,113	958	1,490

#### 6. Profit before income tax

	Group 6 months ended	
	30/06/21 \$'000	30/06/20 \$'000
<b>Profit before income tax has been arrived after charging/(crediting):</b>		
Investment income		
Other income including interest income	(4,442)	(7,475)
Interest on borrowings	1,043	1,272
Depreciation of property, plant and equipment	7,957	7,713
Depreciation of right-of-use assets	2,739	2,689
Depreciation of investment properties	32	32
Amortisation of intangible assets	168	234
Allowance/(write-back) for doubtful debts and bad debts written off	18	192
Allowance/(write back) for inventory obsolescence	447	593
Foreign exchange (gain)/loss, net	(9)	(1,015)
Adjustments for (over)/under provision of tax in respect of prior years	(704)	56
(Gain)/Loss on disposal of property, plant and equipment, net	(41)	(115)
Property, plant and equipment written off	39	67

## 7. Taxation

	Group	
	6 months ended	
	30/06/21 \$'000	30/06/20 \$'000
Income tax expense attributable to profit is made up of:		
- Current income tax	(7,512)	(4,971)
- Deferred income tax	(68)	(108)
	(7,580)	(5,079)
Over/ (under) recognition in respect of previous financial years:		
- Current income tax	534	340
- Deferred income tax	170	(396)
	704	(56)
Withholding tax	(86)	(35)
	<u>(6,962)</u>	<u>(5,170)</u>

## 8. Dividends

	Group	
	6 months ended	
	30/06/21 \$'000	30/06/20 \$'000
Ordinary dividends paid		
First and final tax exempt (one-tier) dividend paid of 3.00 cents per share (6 months ended 30 June 2020: Nil)	(12,810)	-

## 9. Net asset value

	Group		Company	
	30/06/21 \$'000	31/12/20 \$'000	30/06/21 \$'000	31/12/20 \$'000
	Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	<u>82.07</u>	<u>78.31</u>	<u>31.99</u>

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 30.06.2021 of 427,002,409 (31.12.2020 : 426,472,409).

## 10. Financial assets at fair value through other comprehensive income ("Financial Asset at FVTOCI")

	Group and Company	
	30/06/21 \$'000	31/12/20 \$'000
	Unquoted equity security designated as at FVTOCI	<u>2,235</u>

The investment in unquoted equity represent investment in a company that is engaged in the investment of healthcare companies. The recoverability of this investment is uncertain and dependent on the outcome of these activities, which cannot presently be determined. This investment in equity instruments are held for medium to long-term strategic purposes. Accordingly, management has elected to designate this investment in equity instruments as FVTOCI as they believe that recognising short-term fluctuations in this investment's fair value in income statement would not be consistent with the Group's strategy of holding this investment for long-term purposes and realising its performance potential in the long run.

## 11. Intangible assets

Group	Goodwill on consolidation \$'000	Deferred development costs \$'000	Patents \$'000	Club membership \$'000	Intellectual properties \$'000	Total \$'000
<b>At 30 June 2021</b>						
<b><u>Cost:</u></b>						
At beginning of the financial year	12,279	18,273	2,388	-	5,963	38,903
Currency translation differences	(20)	(233)	(10)	-	-	(263)
At end of the financial period	12,259	18,040	2,378	-	5,963	38,640
<b><u>Accumulated amortisation:</u></b>						
At beginning of the financial year	-	4,959	2,212	-	5,963	13,134
Currency translation differences	-	(196)	(12)	-	-	(208)
Amortisation charge	-	148	20	-	-	168
At end of the financial period	-	4,911	2,220	-	5,963	13,094
<b><u>Accumulated impairment:</u></b>						
At beginning of the financial year	2,340	11,717	-	-	-	14,057
Currency translation differences	(6)	(26)	-	-	-	(32)
At end of the financial period	2,334	11,691	-	-	-	14,025
Carrying value: At 30 June 2021	9,925	1,438	158	-	-	11,521
<b>At 31 December 2020</b>						
<b><u>Cost:</u></b>						
At beginning of the financial year	11,737	17,203	2,228	113	5,963	37,244
Currency translation differences	542	1,069	43	-	-	1,654
Additions	-	1	117	-	-	118
Disposal	-	-	-	(113)	-	(113)
At end of the financial year	12,279	18,273	2,388	-	5,963	38,903
<b><u>Accumulated amortisation:</u></b>						
At beginning of the financial year	-	4,185	2,158	-	5,963	12,306
Currency translation differences	-	263	36	-	-	299
Amortisation charge	-	511	18	-	-	529
At end of the financial year	-	4,959	2,212	-	5,963	13,134



**Accumulated impairment:**

At beginning of the financial year	2,172	5,157	-	104	-	7,433
Currency translation differences	168	339	-	-	-	507
Impairment loss	-	6,221	-	-	-	6,221
Disposal	-	-	-	(104)	-	(104)
At end of the financial year	2,340	11,717	-	-	-	14,057
Carrying value: At 31 December 2020	9,939	1,597	176	-	-	11,712

**(a) Goodwill on consolidation**

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to countries of operation and business segment.

The summary of the goodwill allocation is presented below:

	Group	
	30/06/21 \$'000	31/12/20 \$'000
<u>Mechatronics:</u>		
America	2,406	2,412
The Netherlands	7,519	7,527
	<u>9,925</u>	<u>9,939</u>

The recoverable amount of a CGU is determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial forecasts approved by management based on the estimated growth rates below. The growth rates do not exceed the long-term average growth rate for the components business in which the CGU operates.

Key assumptions used for value-in-use calculations:

	Group	
	30/06/21 %	31/12/20 %
<u>Mechatronics:</u>		
Gross margin <sup>(1)</sup>	12.2 to 24.5	12.1 to 23.4
Growth rate <sup>(2)</sup>	0.0	0.0
Discount rate <sup>(3)</sup>	8.3 to 8.7	10.7 to 11.8

<sup>(1)</sup> Forecasted gross margin.

<sup>(2)</sup> Weighted average growth rate used to extrapolate cash flows beyond the forecast period.

<sup>(3)</sup> Discount rate applied to the pre-tax cash flow projections.

These assumptions were used for the analysis of each CGU within the business segment.

Management determined forecasted gross margin based on past performance and its expectations for market development. The weighted average growth rates used were consistent with forecast used and industry knowledge. The discount rates used reflect specific risks relating to the relevant segments.

Management believes that any reasonably possible change in the key assumptions on which the CGU's recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

**(b) Deferred development costs**

Deferred development costs relate to the cost capitalised by its subsidiaries for developing certain products. Amortisation of the deferred development costs begins when the development is completed and are amortised on the expected units of production basis or over the estimated useful life of 5 to 10 years (2020 : 5 to 10 years).

For capitalised deferred development cost for the development of the products that is not yet available for use, they are assessed for impairment based on cash flow forecasts using a discount rate of 6.6% to 8.1% (2020 : 5.7% to 9.7%) to calculate its present value.

During the financial period, management performed a review of the recoverable amount for the deferred development costs and no impairment loss (6 months ended 30 June 2020 : no impairment loss) has been recognised in the income statement because the recoverable amount is higher than the carrying value of which the recoverable amount is determined based on the value-in-use calculations.

**(c) Patents**

Patents relate to certain design and specification of stepper motors, filter devices for micro filtration of oil and automation of material handling to laser welding machine for gearbox filters in cars.

Patents are amortised over their estimated useful life of 5 years.

**(d) Intellectual properties**

Intellectual properties mainly pertain to the intellectual property related to the current miniature stepper motor product offerings and the intellectual property related miniature stepper motor products under in-process research and development. These intellectual properties have finite useful lives, and are amortised on a straight-line basis over their estimated useful lives of 5 years and on the expected units sold respectively.

The amortisation expense has been included in the line item "cost of sales" in consolidated income statement.

## 12. Property, plant and equipment

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$6,775,000 (30.06.2020: \$12,301,000) of which \$656,000 (30.06.2020: \$77,000) was included in other payables at balance sheet date. Cash payments of \$6,426,000 (30.06.2020: \$12,441,000) includes an amount of \$307,000 (30.06.2020: \$217,000) for payment from other payables to purchase property, plant and equipment incurred in previous financial year.

## 13. Investment properties

	Group	
	30/06/21	31/12/20
	\$'000	\$'000
Cost:		
At beginning of the financial year	1,804	1,803
Currency translation differences	(43)	1
At end of the financial period/year	1,761	1,804
Accumulated depreciation:		
At beginning of the financial year	232	167
Charge for the financial year	32	65
Currency translation differences	(6)	-
At end of the financial period/year	258	232
Carrying amount at end of the financial period/year	1,503	1,572

The Group has adopted the cost model under SFRS(I) 1-40 *Investment Property* for its investment properties.

Details of the Group's investment properties and information about the fair value hierarchy as of 30 June 2021 and 31 December 2020 are as follows:

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
At 30 June 2021				
Leasehold buildings	-	-	2,313	2,313
At 31 December 2020				
Leasehold buildings	-	-	2,289	2,289

There were no transfers between the respective levels during the financial period.

The fair value of the Group's investment properties has been arrived at based on an indicative market value by reference to market evidence of transaction prices for similar properties.

	Group	
	6 months ended	
	30/06/21	30/06/20
	\$'000	\$'000
The following amounts are recognised in income statement:		
Rental income	(141)	(142)
Direct operating expenses arising from:		
- Investment properties that generate rental income	17	14

## 14. Borrowings

	Group	
	30/06/21	31/12/20
	\$'000	\$'000
Amount repayable within one year or on demand		
Secured	40,510	26,733
Unsecured	46,850	40,611
	87,360	67,344
Amount repayable after one year		
Secured	-	-
Unsecured	133	-
	133	-
Total	87,493	67,344

## Details of any collaterals

Details of the borrowings of the Group and its securities as at 30 June 2021 are as follows:

	Note	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	35,035	130	35,165
Other short-term borrowings	(ii)	5,429	46,454	51,883
Term Loans	(iii)	46	399	445
		<u>40,510</u>	<u>46,983</u>	<u>87,493</u>

- (i) bank overdrafts of :-  
 (a) \$34,235,000 is secured by mortgage over properties, pledged on machineries, other fixed assets and inventories and certain trade receivables of certain subsidiaries of the Company in The Netherlands; and  
 (b) \$800,000 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.

## 15. Share capital

	Group and Company			
	30/06/21		31/12/20	
	Number of ordinary shares	Amount \$'000	Number of ordinary shares	Amount \$'000
Beginning of the financial year	426,472,409	104,329	424,272,409	103,486
Exercise of share options	530,000	105	2,200,000	843
End of the financial period/year	<u>427,002,409</u>	<u>104,434</u>	<u>426,472,409</u>	<u>104,329</u>

### Issued and paid up capital

During the period, the Company issued 500,000 and 30,000 new ordinary shares pursuant to the Company's employee share option scheme at the exercise price of \$0.184 and \$0.432 each respectively. There are no treasury shares held as at the end of the current period.

	Total number of issued shares as at	
	30/06/21	30/06/20
Number of issued shares	427,002,409	424,772,409
Number of treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>427,002,409</u>	<u>424,772,409</u>

### Share options

The movement of share options of the Company during the period from 1 January 2021 to 30 June 2021 is as follows:

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 01.01.21	Granted during the period	Forfeited during the period	Exercised during the period	As at 30.06.21		
1.4.2016 (2016 Option)	500,000	-	-	(500,000)	-	\$0.184	1.4.2018 - 31.3.2026
6.12.2017 (2017 Option)	1,165,000	-	-	(30,000)	1,135,000	\$0.432	6.12.2019 - 5.12.2027
	<u>1,665,000</u>	<u>-</u>	<u>-</u>	<u>(530,000)</u>	<u>1,135,000</u>		

	Total number of shares as at	
	30/06/21	30/06/20
Total number of shares that may be issued on exercise of share options outstanding	<u>1,135,000</u>	<u>3,375,000</u>

**15.1 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	
	30/06/21	31/12/20
Total number of issued shares excluding treasury shares	427,002,409	426,472,409

**15.2 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.

**15.3 A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

**16. Subsequent events**

There are no known subsequent events which led to adjustments to this set of interim financial statements.



**FRENCKEN GROUP LIMITED**

(Registration No. 199905084D)

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**G. Other Information Required by Listing Rule Appendix 7.2**

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**1. 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.

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

Not applicable.

**2A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable.

**3. 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	
	6 months ended	
	30/06/21	30/06/20
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)	7.34	4.41
- Weighted average number of shares (in thousand)	426,973	424,728
(ii) On a fully diluted basis (in cents)	7.33	4.39
- Adjusted weighted average number of shares (in thousand)	427,749	426,593

Basic earnings per share for the period is calculated based on the weighted average number of ordinary shares in issue.

4. 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, analytical & 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.

Frencken has a global reach with 3,400 employees in 17 operating sites across Asia, Europe and the USA. Leveraging on its advanced capabilities, global network and local support, the Group strives to create and build value for its customers.

#### Income Statement

##### Group Revenue

	1H	2H	Full Year
<b>FY2021 (S\$'000)</b>	375,298	-	-
<b>FY2020 (S\$'000)</b>	292,508	328,108	620,616
<b>yoy (%)</b>	28.3	N.M.	N.M.

For the six months ended 30 June 2021 ("1H21"), the Group's revenue increased 28.3% year-on-year (yoy) to S\$375.3 million, driven by higher sales contributions from the Mechatronics and IMS Divisions.

##### Revenue breakdown by Business Segment

Sales	1H21	1H20	yoy
	S\$'000	S\$'000	%
<b>MECHATRONICS DIVISION</b>			
Semiconductor	140,838	87,931	60.2
Medical	49,049	43,973	11.5
Analytical	70,503	54,482	29.4
Industrial Automation	53,580	58,066	(7.7)
Others	6,399	6,451	(0.8)
<b>Mechatronics Total</b>	<b>320,369</b>	<b>250,903</b>	<b>27.7</b>
<b>IMS DIVISION</b>			
Automotive	43,356	30,899	40.3
Consumer & Industrial			
Electronics	9,022	8,082	11.6
Others	822	1,763	(53.4)
Tooling	1,588	1,554	2.2
<b>IMS Total</b>	<b>54,788</b>	<b>42,298</b>	<b>29.5</b>

Note: The above does not include revenue derived from investment holding & management services segment, other segment and before eliminations of inter-segment sales.

Revenue at the Mechatronics Division grew 27.7% yoy to S\$320.4 million in 1H21 from S\$250.9 million in 1H20, lifted by increased sales of the semiconductor, medical and analytical segments.

The semiconductor segment registered strong yoy revenue growth of 60.2% to S\$140.8 million in 1H21. The Group benefited from higher orders for both front-end and back-end semiconductor equipment from customers in Europe and Asia, reflecting the continued growth of the global semiconductor industry amid the Covid-19 pandemic.

Revenue of the medical segment improved 11.5% yoy to S\$49.0 million in 1H21, attributable mainly to a recovery in sales of medical equipment to customers in Europe and Asia.

The analytical segment's revenue increased 29.4% yoy to S\$70.5 million in 1H21 due primarily to higher demand from customers in Europe.

Revenue of the industrial automation segment softened 7.7% yoy to S\$53.6 million in 1H21 due to lower shipments of storage drive production equipment to a key customer. Sales of this segment are typically lumpy in nature and dependent on the capital expenditure requirements of key customers.

Revenue at the IMS Division improved 29.5% yoy to S\$54.8 million in 1H21. This was driven mainly by a recovery of the automotive segment which grew 40.3% to S\$43.4 million in 1H21 from S\$30.9 million in 1H20.

### Gross Profit Margin

In line with higher revenue, the Group's gross profit increased 43.9% yoy to S\$65.4 million in 1H21. Gross profit margin improved to 17.4% in 1H21 from 15.5% in 1H20 due mainly to higher gross profit margin of the automotive segment.

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

Other income, net of other operating expenses, declined 51.1% to S\$2.2 million in 1H21 from S\$4.5 million in 1H20. This was due mainly to a decrease in government grants under Singapore's Job Support Scheme and from various other governments, as well as lower net foreign exchange gain.

### Selling and Administrative Expenses

Selling and distribution expenses increased 23.1% yoy to S\$5.7 million in 1H21, due primarily to an increase in freight charges in tandem with the Group's higher sales during 1H21 .

Administrative and general expenses increased 7.2% to S\$22.7 million in 1H21 from S\$21.2 million due mainly to higher staff training and development costs.

### Finance Costs

Finance costs in 1H21 declined to S\$1.0 million from S\$1.3 million in 1H20 due to lower interest rate and lease liabilities interest.

### Group Profit before Income Tax

After accounting for the above items, the Group reported a 62.1% increase in profit before income tax to S\$38.6 million in 1H21.

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

	1H	2H	Full Year
<b>FY2021 (S\$'000)</b>	31,335	-	-
<b>FY2020 (S\$'000)</b>	18,736	23,835 *	42,571
<b>yoy (%)</b>	67.2	N.M.	N.M.

\* including impairment loss of deferred development costs of S\$6.2 million

After deducting income tax expense of S\$7.0 million, the Group reported a net profit attributable to equity holders ("PATMI") of S\$31.3 million in 1H21, an increase of 67.2% from S\$18.7 million in 1H20.



## Balance Sheet

As at 30 June 2021, the Group had shareholders' equity of S\$350.5 million, equivalent to net asset value of 82.07 cents per share based on total number of issued shares of 427.0 million shares.

Total assets increased to S\$621.5 million as at 30 June 2021 from S\$563.8 million as at 31 December 2020.

Property, plant and equipment decreased to S\$98.6 million as at 30 June 2021 from S\$99.8 million as at 31 December 2020. During 1H21, the Group incurred capital expenditure of around S\$6.8 million. Depreciation of property, plant and equipment amounted to S\$8.0 million in 1H21. As at 30 June 2021, the Group's right-of-use assets stood at S\$15.0 million.

As at 30 June 2021, the Group's cash and cash equivalents decreased to S\$159.4 million from S\$174.5 million as at 31 December 2020. Inventories increased to S\$185.5 million as at 30 June 2021 from S\$143.2 million as at 31 December 2020, to meet the fulfilment of orders to customers. Trade receivables as at 30 June 2021 also increased to S\$131.9 million from S\$98.7 million as at 31 December 2020 in tandem with higher sales.

Trade payables increased to S\$103.1 million as at 30 June 2021 from S\$80.1 million as at 31 December 2020 in line with higher volume of business. The Group's lease liabilities stood at S\$13.0 million as at 30 June 2021.

Total borrowings increased to S\$87.5 million as at 30 June 2021 from S\$67.3 million as at 31 December 2020. The Group recorded a decrease in net cash to S\$71.9 million as at 30 June 2021 compared to S\$107.1 million as at 31 December 2020. Total debt-to-equity ratio stood at 25.0% as at 30 June 2021, compared to 20.2% at the end of December 2020.

## Cash Flow Analysis

The Group used net cash of S\$13.4 million in operating activities in 1H21 due mainly to higher working capital requirements in tandem with the higher volume of business. Net cash used in investing activities amounted to S\$5.6 million in 1H21 due mainly to capital expenditure which was offset partially by interest received.

Net cash used in financing activities amounted to S\$7.2 million in 1H21, due primarily to payment of dividends to shareholders and repayment of lease liabilities. This was offset partially by 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\$26.2 million during 1H21. When added to its opening cash and cash equivalents of S\$151.1 million at the beginning of 1H21 and after accounting for the negative effect of foreign currency movements of S\$0.9 million on its opening cash and cash equivalents, the Group had a cash balance of S\$124.0 million as at 30 June 2021.

## 5. 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 performance in 1H21 is generally in line with the guidance provided in its business update for 1Q21 which was posted on the SGX website on 12 May 2021.

**6. 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**

Frencken reported robust growth in top- and bottom-lines in 1H21 compared to 1H20. This was driven mainly by the continued strength of the semiconductor industry, recovery of certain business segments which were affected in the aftermath of the Covid-19 outbreak during 1H20, as well as the Group's continual efforts to engage customers in new programs.

Looking ahead, the global economy is envisaged to improve this year as vaccination rates climb around the world. However, this outlook could be tempered by a resurgence of Covid-19 infections amid the spread of new coronavirus variant strains, which may pose risks to business momentum and predictability.

The Group continues to ensure that all necessary safety measures are in place at its global operating sites for the health and welfare of employees, and the continuation of day-to-day operations. The Group also remains mindful of potential challenges associated with supply chain disruptions from the resurgence of Covid-19 infections and cost pressures from material shortages. As such, the Group will continue to work on initiatives to mitigate these challenges.

The Group will continue to execute business strategies at the Mechatronics and IMS Divisions to raise operational excellence, strengthen global capabilities, deliver best-in-class quality and pursue growth opportunities. To this end, the Group is working to move up the value chain and expand its market share with both existing and prospective customers.

#### **BUSINESS SEGMENT OUTLOOK**

Based on current indicators and barring any unforeseen circumstances or unforeseen deterioration in the business environment, the Group expects a moderate increase in its revenue in 2H21 as compared to 1H21.

Anticipated performances of the Group's key business segments in 2H21 compared to 1H21:

- **Semiconductor** segment is expected to maintain its momentum;
- **Medical** segment is anticipated to register revenue growth;
- **Analytical** segment is expected to register revenue growth;
- **Industrial Automation** segment's revenue is anticipated to soften; and
- **Automotive** segment is expected to post stable revenue;

#### **7. 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

#### **8. If no dividend has been declared/ recommended, a statement to that effect and reason(s) for the decision.**

No interim dividend has been declared or recommended for the half year ended 30 June 2021 as the Group's practice is to recommend dividend payment annually together with its full-year results.

9. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of Interested Person	Aggregate value of all IPTs during the financial period under review (excluding transactions less than \$100,000) 6 months ended	
	30/06/21	30/06/20
	Not applicable	-

**10. Confirmation by Directors Pursuant to Rule 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 half year ended 30 June 2021 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

**11. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of SGX-ST.**

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  
12-Aug-21