



FRENCKEN GROUP LIMITED

(Registration No. 199905084D)

Unaudited First 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		
	31/03/17 \$'000	31/03/16 \$'000	% Change
Revenue	134,411	114,017	17.9%
Cost of sales	(111,331)	(96,638)	15.2%
Gross profit	23,080	17,379	32.8%
Other income (Note 1)	1,376	1,823	-24.5%
Selling and distribution expenses	(2,823)	(2,748)	2.7%
Administrative and general expenses	(11,961)	(10,262)	16.6%
Other operating expenses (Note 1)	(1,007)	(1,488)	-32.3%
Interest income	34	42	-19.0%
Finance costs	(342)	(370)	-7.6%
Profit before income tax and exceptional item	8,357	4,376	91.0%
Net gain on disposal of subsidiaries	10,179	-	N.M.
Profit before income tax	18,536	4,376	323.6%
Income tax expense	(2,148)	(1,323)	62.4%
Profit for the year	16,388	3,053	436.8%
Profit attributable to:			
Equity holders of the Company	16,275	3,060	431.9%
Non-controlling interests	113	(7)	N.M.
	16,388	3,053	436.8%

Note 1 - Other income/(Other operating expenses)

Other Income	1,376	1,823	-24.5%
Other Operating Expenses	(1,007)	(1,488)	-32.3%
	369	335	10.1%

Included in Other income/(Other operating expenses):

(Loss)/Gain on disposal of property, plant and equipment, net	(55)	113	N.M.
Property, plant and equipment written off	(4)	(5)	-20.0%
Investment property written off	(8)	-	N.M.
Government grants	536	503	6.6%
Foreign exchange (loss)/gain, net	(621)	(865)	-28.2%
Amortisation of deferred gain	265	265	N.M.
Scrap sales	133	129	3.1%
Other income	123	224	-45.1%
Other expenses	-	(29)	N.M.
	369	335	10.1%

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		
	3 months ended		
	31/03/17	31/03/16	%
	\$'000	\$'000	Change
Profit for the period is arrived at after charging/(crediting) :-			
Investment income	-	-	-
Other income including interest income	(1,410)	(1,865)	-24%
Amortisation of deferred gain	(265)	(265)	N.M.
Interest on borrowings	342	370	-8%
Depreciation of property, plant and equipment	4,029	3,961	2%
Depreciation of investment property	3	-	N.M.
Amortisation of intangible assets	305	194	57%
Allowance/(write-back) for doubtful debts and bad debts written off	6	(37)	N.M.
Allowance/(write back) for inventory obsolescence	106	30	253%
Foreign exchange (gain)/ loss, net	621	865	-28%
Adjustments for (over)/ under provision of tax in respect of prior years	20	(2)	N.M.
(Gain)/Loss on disposal of property, plant and equipment, net	55	(113)	N.M.
Property, plant and equipment written off	4	5	-20%
Investment property written off	8	-	N.M.
Net gain on disposal of subsidiaries	(10,179)	-	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	
	31/03/17	31/12/16	31/03/17	31/12/16
	\$'000	\$'000	\$'000	\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	80,672	100,022	-	-
Investment property	1,593	-	-	-
Subsidiaries	-	-	127,387	127,347
Financial asset, available-for-sale	4,132	4,132	4,132	4,132
Intangible assets	24,616	25,184	-	-
Deferred income tax assets	2,195	2,214	-	-
Other receivables, deposits and prepayments	1,496	1,661	-	-
Total non-current assets	114,704	133,213	131,519	131,479
CURRENT ASSETS				
Inventories	99,772	109,274	-	-
Trade receivables	89,447	90,668	-	-
Receivables from subsidiaries	-	-	608	282
Dividends receivable from subsidiaries	-	-	5,847	4,210
Other receivables, deposits and prepayments	11,037	10,631	11	13
Receivable from an associated company	-	108	-	-
Tax recoverable	187	619	-	-
Cash and cash equivalents	60,009	18,482	5,777	5,044
Total current assets	260,452	229,782	12,243	9,549
Total assets	375,156	362,995	143,762	141,028
CURRENT LIABILITIES				
Trade payables	54,239	51,523	-	-
Payable to a subsidiary	-	-	65	-
Other payables, accruals and provisions	25,120	30,385	872	377
Deferred gain	532	797	-	-
Borrowings	56,283	57,420	-	-
Income tax payable	2,940	2,059	4	3
Total current liabilities	139,114	142,184	941	380
NON CURRENT LIABILITIES				
Borrowings	1,112	1,322	-	-
Retirement benefit obligations	1,405	1,474	-	-
Deferred income tax liabilities	3,553	3,343	-	-
Total non-current liabilities	6,070	6,139	-	-
Total liabilities	145,184	148,323	941	380
NET ASSETS	229,972	214,672	142,821	140,648
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	100,654	100,031	100,654	100,031
Foreign currency translation reserve	(31,031)	(29,302)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	504	167	504	167
Statutory reserve fund	2,387	2,284	-	-
Share option reserve	1,426	1,723	1,426	1,723
Other reserve	(991)	(994)	-	-
Retained profits	152,570	136,398	40,237	38,727
	227,864	212,652	142,821	140,648
Non-controlling interests	2,108	2,020	-	-
TOTAL EQUITY	229,972	214,672	142,821	140,648

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

Amount repayable in one year or less, or on demand

As at 31/03/17	
Secured \$'000	Unsecured \$'000
32,698	23,585

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

Amount repayable after one year

As at 31/03/17	
Secured \$'000	Unsecured \$'000
139	973

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

Details of any collateral

Details of the borrowings of the Group and its securities as at 31 March 2017 are as follows:

	Note	Secured \$'000	Unsecured \$'000	Total \$'000
Bank overdrafts	(i)	25,713	918	26,631
Other short-term borrowings	(ii)	6,732	22,359	29,091
Finance lease	(iii)	54	-	54
Term Loans	(iv)	338	1,281	1,619
		<u>32,837</u>	<u>24,558</u>	<u>57,395</u>

(i) bank overdrafts of :-

- (a) \$25,445,000 is secured by mortgage over properties, pledged on the trade receivables and inventories of all subsidiaries of the Company in The Netherlands; and
- (b) \$268,000 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) finance lease liabilities are secured by certain equipment and motor vehicles of the Group.

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

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

	Group	
	3 months ended	
	31/03/17	31/03/16
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after tax	16,388	3,053
Adjustments for:		
Income tax expense	2,148	1,323
Exchange differences	(164)	22
Employee share option expense	40	-
Depreciation of property, plant and equipment	4,029	3,961
Depreciation of investment property	3	-
Loss/(Gain) on disposal of property, plant and equipment, net	55	(113)
Property, plant and equipment written off	4	5
Investment property written off	8	-
Interest income	(34)	(42)
Interest expense	342	370
Amortisation of deferred gain	(265)	(265)
Amortisation of intangible assets	305	194
Net gain on disposal of subsidiaries (Note 2)	(10,179)	-
Operating cash flow before working capital changes	12,680	8,508
Changes in operating assets and liabilities :		
Inventories	(2,835)	(1,404)
Receivables	(10,116)	(4,791)
Payables	7,992	2,869
Associated company	107	-
Cash flows generated from operations	7,828	5,182
Tax paid	(560)	(549)
Interest paid	(341)	(371)
NET CASH GENERATED FROM OPERATING ACTIVITIES	6,927	4,262
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	34	42
Additions of intangible assets	(156)	(904)
Purchase of property, plant and equipment (Note 1)	(4,127)	(3,464)
Purchase of investment property	(33)	-
Proceeds from disposal of property, plant and equipment	439	169
Disposal of subsidiaries, net of cash disposed of (Note 2)	38,303	-
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	34,460	(4,157)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	623	-
Repayment of finance lease liabilities	(100)	(84)
Repayment of short term bank borrowings	(31,923)	(24,718)
Repayment of term loans	(165)	(327)
Proceeds from short term bank borrowings	33,041	28,693
NET CASH GENERATED FROM FINANCING ACTIVITIES	1,476	3,564
Net increase in cash and cash equivalents	42,863	3,669
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	(9,966)	(11,613)
Effect of exchange rate changes on cash and cash equivalents	362	(117)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	33,259	(8,061)

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	
	31/03/17 \$'000	31/03/16 \$'000
Cash and cash equivalents at end of the financial period comprise:		
Short term fund placed with a Malaysian financial institution	866	3,159
Deposits with licensed banks	2,119	116
Cash and bank balances	57,024	19,257
Bank overdrafts	(26,631)	(30,477)
	33,378	(7,945)
Less: Deposits pledged as securities	(119)	(116)
	33,259	(8,061)

Note 1 :

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$3,763,000 (31.03.2016: \$3,744,000) of which \$1,370,000 (31.03.2016: \$972,000) was included in other payables at balance sheet date. Cash payments of \$4,127,000 (31.03.2016: \$3,464,000) includes an amount of \$1,734,000 (31.03.2016 : \$692,000) for payment from other payables to purchase property, plant and equipment incurred in previous financial year.

Note 2 : Disposal of subsidiaries

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

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

The completion under the SPA has been effected on 31 March 2017 in accordance with the terms and conditions of the SPA and PESB has ceased to be a subsidiary of the Company with effect from 31 March 2017. As at Completion Date, PGSB has received an Initial Payment of RM134,734,000 (a sum equivalent to RM128,000,000 add the Estimated Net Debt Amount being RM6,734,000) in accordance with the terms of the SPA. The Final Payment will be determined and payable after the preparation and finalisation of the Post-Completion Statement. The Group is in the process of finalising the Post-Completion Statement.

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

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

Details of the disposals are as follows:

	PESB \$'000	American Entities \$'000	Total \$'000
Carrying amounts of net assets over which control was lost			
<u>Non-current asset</u>			
Property, plant and equipment	15,268	381	15,649
Deferred development costs	-	132	132
	15,268	513	15,781
<u>Current assets</u>			
Inventories	10,778	332	11,110
Trade and other receivables	9,644	768	10,412
Cash and cash equivalents	3,667	374	4,041
	24,089	1,474	25,563
<u>Current liabilities</u>			
Trade and other payables	(7,949)	(1,648)	(9,597)
Bank borrowing	-	(131)	(131)
Intercompany payables	(69)	(71)	(140)
Income tax payable	(4)	-	(4)
	(8,022)	(1,850)	(9,872)
Net assets derecognised	31,335	137	31,472

Consideration received:

Cash	42,792	15	42,807
Less: Transaction costs related to disposal of subsidiaries	(463)	-	(463)
Total consideration received	<u>42,329</u>	<u>15</u>	<u>42,344</u>

Gain/(Loss) on disposal

Consideration received	42,329	15	42,344
Net assets derecognised	(31,335)	(137)	(31,472)
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity on loss of control of subsidiaries	62	(755)	(693)
Gain/(Loss) on disposal	<u>11,056</u>	<u>(877)</u>	<u>10,179</u>

Net cash outflow arising on disposal

Cash consideration received	42,329	15	42,344
Cash and cash equivalents disposed of	(3,667)	(374)	(4,041)
	<u>38,662</u>	<u>(359)</u>	<u>38,303</u>

1(d) Consolidated statement of comprehensive income

	Group	
	3 months ended	
	31/03/17	31/03/16
	\$'000	\$'000
<u>Statement of Comprehensive Income</u>		
Profit for the period	16,388	3,053
<i>Item that may be reclassified subsequently to income statement :</i>		
- Currency translation differences arising from consolidation	(1,751)	950
Total comprehensive income for the period	<u>14,637</u>	<u>4,003</u>
Attributable to:		
Equity holders of the Company	14,549	4,054
Non-controlling interests	88	(51)
Total comprehensive income for the period	<u>14,637</u>	<u>4,003</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 31 March 2017 and 31 March 2016

	Attributable to equity holders of the Company										
	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Merger Reserve \$'000	Capital Reserve \$'000	Statutory Reserve Fund \$'000	Share Option Reserve \$'000	Other Reserve \$'000	Retained Profits \$'000	Total \$'000	Non- Controlling Interests \$'000	Total Equity \$'000
The Group											
At 1 January 2017	100,031	(29,302)	2,345	167	2,284	1,723	(994)	136,398	212,652	2,020	214,672
Profit for the quarter	-	-	-	-	-	-	-	16,275	16,275	113	16,388
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	(1,729)	-	-	-	-	3	-	(1,726)	(25)	(1,751)
Total comprehensive income/(loss) for the quarter	-	(1,729)	-	-	-	-	3	16,275	14,549	88	14,637
Transactions with owners recognised directly in equity											
Transfer to statutory reserve fund	-	-	-	-	103	-	-	(103)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	40	-	-	40	-	40
- Issue of share capital	623	-	-	337	-	(337)	-	-	623	-	623
	623	-	-	337	103	(297)	-	(103)	663	-	663
At 31 March 2017	100,654	(31,031)	2,345	504	2,387	1,426	(991)	152,570	227,864	2,108	229,972
At 1 January 2016	99,659	(25,961)	2,345	(15)	1,622	1,787	-	124,194	203,631	1,973	205,604
Profit for the quarter	-	-	-	-	-	-	-	3,060	3,060	(7)	3,053
Other comprehensive income/(loss):											
Currency translation differences arising from consolidation	-	994	-	-	-	-	-	-	994	(44)	950
Total comprehensive income/(loss) for the quarter	-	994	-	-	-	-	-	3,060	4,054	(51)	4,003
Transactions with owners recognised directly in equity											
Transfer to/(from) statutory reserve fund	-	-	-	-	67	-	-	(67)	-	-	-
	-	-	-	-	67	-	-	(67)	-	-	-
At 31 March 2016	99,659	(24,967)	2,345	(15)	1,689	1,787	-	127,187	207,685	1,922	209,607
	Attributable to equity holders of the Company										
	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Merger Reserve \$'000	Capital Reserve \$'000	Statutory Reserve Fund \$'000	Share Option Reserve \$'000	Retained Profits \$'000	Total \$'000			
The Company											
At 1 January 2017	100,031	-	-	167	-	1,723	38,727	140,648			
Total comprehensive income/(loss) for the quarter	-	-	-	-	-	-	1,510	1,510			
Transactions with owners recognised directly in equity											
Employee share option scheme - Value of employee services	-	-	-	-	-	40	-	40			
- Issue of share capital	623	-	-	337	-	(337)	-	623			
	623	-	-	337	-	(297)	-	663			
At 31 March 2017	100,654	-	-	504	-	1,426	40,237	142,821			
At 1 January 2016	99,659	-	-	(15)	-	1,787	38,021	139,452			
Total comprehensive income/(loss) for the quarter	-	-	-	-	-	-	(34)	(34)			
At 31 March 2016	99,659	-	-	(15)	-	1,787	37,987	139,418			

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 266,000, 610,000, 749,000 and 1,500,000 new ordinary shares pursuant to the Company's employee share option scheme at the exercise price of \$0.155, \$0.168, \$0.224 and \$0.208 each respectively. There are no treasury shares held as at the end of the current quarter.

	Total number of issued shares as at	
	31/03/17	31/03/16
Number of issued shares	409,767,409	404,662,409
Number of treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>409,767,409</u>	<u>404,662,409</u>

Share options

The movement of share options of the Company during the period from 1 January 2017 to 31 March 2017 is as follows:

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 1.1.2017	Granted during the period	Forfeited during the period	Exercised during the period	As at 31.3.2017		
1.12.2008 (2008 Option)	2,366,000	0	0	(266,000)	2,100,000	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	3,204,000	0	0	(610,000)	2,594,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	4,885,000	0	0	(749,000)	4,136,000	\$0.224	1.12.2012 - 30.11.2020
7.10.2013 (2013 Option)	5,200,000	0	0	(1,500,000)	3,700,000	\$0.208	7.10.2015 - 6.10.2023
1.4.2016 (2016 Option)	3,000,000	0	0	0	3,000,000	\$0.184	1.4.2018 - 31.3.2026
	<u>18,655,000</u>	<u>0</u>	<u>0</u>	<u>(3,125,000)</u>	<u>15,530,000</u>		

	Total number of shares as at	
	31/03/17	31/03/16
Total number of shares that may be issued on exercise of share options outstanding	<u>15,530,000</u>	<u>17,635,000</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	
	31/03/17	31/12/16
Total number of issued shares excluding treasury shares	<u>409,767,409</u>	<u>406,642,409</u>

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

Not applicable.

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

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

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

Not applicable.

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

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recent audited financial statements as well as all the applicable new/revised Financial Reporting Standards (FRS) and FRS interpretations which became effective for the financial years beginning on or after 1 January 2017.

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

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

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

	Group 3 months ended	
	31/03/17	31/03/16
Earnings per ordinary share of the Group based on net profit attributable to the shareholders of the Company:		
(i) Based on weighted average number of shares (in cents)	4.00	0.76
- Weighted average number of shares (in thousand)	406,976	404,662
(ii) On a fully diluted basis (in cents)	3.95	0.75
- Adjusted weighted average number of shares (in thousand)	412,411	405,785

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	
	31/03/17	31/12/16	31/03/17	31/12/16
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	55.61	52.29	34.85	34.59

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 31.03.2017 of 409,767,409 (31.12.2016 : 406,642,409).

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

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

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

Income Statement

Group Revenue

	1Q	2Q	3Q	4Q	Full Year
FY2017 (S\$'000)	134,411	-	-	-	-
FY2016 (S\$'000)	114,017	120,513	120,707	111,182	466,419
yoy (%)	17.9	N.M.	N.M.	N.M.	N.M.

For the three months ended 31 March 2017 ("1Q17"), the Group's revenue gained 17.9% to S\$134.4 million from S\$114.0 million in 1Q16. This was due to increased sales of both the Mechatronics and IMS Divisions.

Revenue breakdown by Business Segment

Sales	1Q17	1Q16	yoy	4Q16	qoq
	S\$'000	S\$'000	%	S\$'000	%
MECHATRONICS DIVISION					
Semiconductor	31,169	19,939	56.3	15,540	100.6
Medical	15,488	16,156	(4.1)	15,081	2.7
Analytical	28,159	19,596	43.7	21,680	29.9
Industrial Automation	10,677	14,332	(25.5)	10,478	1.9
Others	4,118	3,732	10.3	6,789	(39.3)
Mechatronics Total	89,611	73,755	21.5	69,568	28.8
IMS DIVISION					
Automotive	34,548	31,059	11.2	32,138	7.5
Office Automation	763	868	(12.1)	1,015	(24.8)
Consumer & Industrial Electronics	5,074	5,286	(4.0)	4,774	6.3
Others	327	115	184.3	260	25.8
Tooling	4,088	2,930	39.5	3,427	19.3
IMS Total	44,800	40,258	11.3	41,614	7.7

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

Revenue at the Mechatronics Division improved 21.5% to S\$89.6 million in 1Q17 from S\$73.8 million in 1Q16. This was driven mainly by increased sales from the semiconductor and analytical segments, offset partially by lower revenue from the industrial automation segment.

The semiconductor segment registered higher sales in 1Q17 on the back of increased orders for products that are related to front-end and back-end semiconductor equipment. The analytical segment also had higher orders during 1Q17, driven mainly by demand from end-users in the life sciences and semiconductor industries. On the other hand, sales of the industrial automation segment, which is typically lumpy in nature, declined in 1Q17 due primarily to slower demand for production equipment for storage drives. The medical segment posted a marginal dip in revenue in 1Q17 as compared to 1Q16.

Revenue at the IMS Division increased by 11.3% to S\$44.8 million in 1Q17 from S\$40.3 million in 1Q16. The growth in revenue from the automotive and tooling segments during 1Q17 more than offset lower sales of the consumer & industrial electronics as well as the office automation segments.

Gross Profit Margin

In tandem with higher sales, the Group's gross profit increased 32.8% to S\$23.1 million in 1Q17 from S\$17.4 million in 1Q16. Gross profit margin in 1Q17 expanded to 17.2% as compared to 15.2% in 1Q16, attributed mainly to improved capacity utilisation and the shift in sales mix in the Mechatronics Division.

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

Other income, net of other operating expenses, increased slightly to S\$0.4 million in 1Q17 from S\$0.3 million in 1Q16 due mainly to lower net foreign exchange loss.

Selling and Administrative Expenses

Selling and distribution expenses in 1Q17 were largely unchanged at S\$2.8 million compared to S\$2.7 million in 1Q16. Administrative and general expenses increased 16.6% year-on-year to S\$12.0 million in 1Q17 due mainly to higher staff costs, travelling expenses and legal and consultancy fees in the relation to the disposal of subsidiaries.

Finance Costs

Finance costs remained stable at S\$0.3 million in 1Q17 compared to 1Q16.

Group Profit before Income Tax & Exceptional Item

The Group's profit before income tax (PBT) excluding net gain on disposal of subsidiaries increased significantly by 91.0% to S\$8.4 million in 1Q17 from S\$4.4 million in 1Q16.

The Group recorded net gain on disposal of subsidiaries of S\$10.2 million in 1Q17. This arose mainly from the gain on disposal of Precico Electronics Sdn. Bhd. which was completed on 31 March 2017.

Including the net gain on disposal of subsidiaries, the Group posted a PBT of S\$18.5 million for 1Q17, up 323.6% from S\$4.4 million 1Q16.

Group Net Profit Attributable to Equity Holders of the Company

	1Q	2Q	3Q	4Q	Full Year
FY2017 (S\$'000)	16,275 *	-	-	-	-
FY2016 (S\$'000)	3,060	4,104	4,379	4,362	15,905
yoy (%)	431.9	N.M.	N.M.	N.M.	N.M.

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

After accounting for income tax of S\$2.1 million, the Group reported net profit attributable to equity holders (PATMI) of S\$16.3 million in 1Q17, a substantial increase of 431.9% from S\$3.1 million in 1Q16.

Balance Sheet

As at 31 March 2017, the Group had shareholders' equity of S\$227.9 million, equivalent to net asset value of 55.61 cents per share based on the total number of issued shares of 409.8 million shares.

Total assets as at 31 March 2017 increased to S\$375.2 million from S\$363.0 million at the end of December 2016. Cash and cash equivalents increased to S\$60.0 million from S\$18.5 million as at 31 December 2016 due mainly to proceeds from disposal of subsidiaries. Inventories decreased to S\$99.8 million from S\$109.3 million at the end of December 2016 following the disposal of subsidiaries. Trade receivables were relatively stable at S\$89.4 million as at 31 March 2017.

Trade payables increased to S\$54.2 million as at 31 March 2017 from S\$51.5 million as at 31 December 2016, attributed to higher purchases of materials required to fulfill customers' orders.

As at 31 March 2017, the Group had net cash of S\$2.6 million, compared to a net debt of S\$40.3 million as at 31 December 2016.

Cash Flow Analysis

The Group generated net cash from operating activities of S\$6.9 million in 1Q17. Net cash generated from investing activities amounted to S\$34.5 million in 1Q17, attributed mainly to proceeds from the disposal of subsidiaries which was offset partially by capital expenditure. The Group generated net cash of S\$1.5 million from financing activities in 1Q17, due mainly to net proceeds derived from short term borrowings and issuance of share capital from exercise of share options granted to employees.

As a result of the above, the Group recorded a net increase in cash and cash equivalents of S\$42.9 million during 1Q17. When added to its opening cash and cash equivalents of minus S\$10.0 million at the beginning of 1Q17 and after accounting for foreign currency movements of S\$0.4 million on its opening cash and cash equivalents, the Group had an ending cash balance of S\$33.3 million as at 31 March 2017.

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

The Group's financial results for 1Q17 are in line with the guidance provided in its financial statements posted on the SGX website on 23 February 2017.

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

The global macro economic environment continues to face numerous challenges due to political uncertainties and volatility in the financial markets. The Group will continue to rely on its business and customer diversity to provide resilience and stability in its performance.

The Group's goal is to deliver sustainable and profitable long-term growth. To realise this outcome, the Group is continuing to focus on achieving operational excellence.

The Group is making good progress in the execution of its respective operational strategies at the Mechatronics and IMS Divisions. Both divisions are working closely with customers to develop the next generation of products and technology. These efforts will enable the Group to progressively strengthen its position as a premier Global Integrated Technology Solutions Company.

Mechatronics Division

Based on current indicators, revenue of the semiconductor and analytical segments are expected to be higher in 2Q17 as compared to 2Q16. The medical and industrial automation segments are expected to be softer in 2Q17 as compared to 2Q16.

The Group continues to strengthen its Mechatronics Division by investing in advanced equipment and state-of-the-art facilities to raise the technological capabilities of its operating sites world-wide. The division is now benefiting from several initiatives implemented to improve its capability, operational efficiency and productivity.

On the customer front, the Group continues to pursue and win business from its global customers. Besides expanding its market share with existing customers, the Division has also secured new programs with new customers.

IMS Division

The overall revenue of the automotive segment is expected to be lower in 2Q17 as compared to 2Q16, owing to the disposal of Precico Electronics Sdn. Bhd. ("PESB") with effect from 1 April 2017.

The Group continues to enhance its competencies in the automotive segment so as to differentiate it from competitors and in the eyes of its customers. This includes the automation of critical manufacturing processes and development of a centre of expertise which will focus on moulding technology, tooling development and engineering support for new programs.

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	
	31/3/17	31/3/16
	-	-
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
11-May-17

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

We, Mohamad Anwar Au and Dato' Gooi Soon Chai, being two directors of Frencken Group Limited ("the Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first quarter 2017 financial results to be false or misleading.

On behalf of the Board of Directors

(Signed)

Mohamad Anwar Au
Executive Director

(Signed)

Dato' Gooi Soon Chai
Non-Executive Director

Singapore, 11 May 2017