



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

**Condensed Interim Financial Statements  
For the six months ended 30 June 2022**



**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		
	30-06-22 \$'000	30-06-21 \$'000	% Change
Revenue	388,935	375,298	3.6%
Cost of sales	(328,127)	(309,912)	5.9%
Gross profit	60,808	65,386	-7.0%
Other income (Note 1)	4,573	3,950	15.8%
Selling and distribution expenses	(5,729)	(5,706)	0.4%
Administrative and general expenses	(25,231)	(22,720)	11.1%
Other operating expenses (Note 1)	(1,043)	(1,762)	-40.8%
Interest income	208	492	-57.7%
Finance costs	(1,458)	(1,043)	39.8%
Profit before income tax	32,128	38,597	-16.8%
Income tax expense	(5,954)	(6,962)	-14.5%
Profit for the period	26,174	31,635	-17.3%
Profit attributable to:			
Equity holders of the Company	26,146	31,335	-16.6%
Non-controlling interests	28	300	-90.7%
	26,174	31,635	-17.3%
<b>Note 1 - Other income/(Other operating expenses)</b>			
Other Income	4,573	3,950	15.8%
Other Operating Expenses	(1,043)	(1,762)	-40.8%
	3,530	2,188	61.3%
Included in Other income/(Other operating expenses):			
(Loss)/Gain on disposal of property, plant and equipment, net	243	41	492.7%
Property, plant and equipment written off	(6)	(39)	-84.6%
Government grants	903	1,415	-36.2%
Foreign exchange (loss)/gain, net	775	9	8511.1%
Scrap sales	700	426	64.3%
Project income	324	54	500.0%
Fair value gain/(loss) on financial assets designated at fair value through profit or loss, net	334	(11)	N.M.
Other income	287	294	-2.4%
Other expenses	(30)	(1)	2900.0%
	3,530	2,188	61.3%

N.M. : Not meaningful



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

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	Group 6 months ended	
	30-06-22 \$'000	30-06-21 \$'000
<b><u>Statement of Comprehensive Income</u></b>		
Profit for the period	26,174	31,635
<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	(9,824)	(1,003)
Total comprehensive income for the period	<u>16,350</u>	<u>29,632</u>
Attributable to:		
Equity holders of the Company	16,571	29,205
Non-controlling interests	(221)	427
Total comprehensive income for the period	<u>16,350</u>	<u>29,632</u>



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### C. Condensed Interim Balance Sheets

	Group		Company	
	30-06-22 \$'000	31-12-21 \$'000	30-06-22 \$'000	31-12-21 \$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	121,341	110,768	-	-
Right-of-use assets	32,857	17,180	-	-
Investment properties	1,410	1,485	-	-
Subsidiaries	-	-	128,075	128,025
Financial asset at fair value through other comprehensive income	1,995	1,995	1,995	1,995
Intangible assets	19,061	19,464	-	-
Deferred income tax assets	1,507	1,487	-	-
<b>Total non-current assets</b>	<b>178,171</b>	<b>152,379</b>	<b>130,070</b>	<b>130,020</b>
<b>CURRENT ASSETS</b>				
Inventories	239,865	203,084	-	-
Trade receivables	142,610	123,311	-	-
Receivables from subsidiaries	-	-	168	68
Dividends receivable from subsidiaries	-	-	-	20,202
Other receivables, deposits and prepayments	20,748	16,771	1,801	16
Tax recoverable	2	-	-	-
Cash and cash equivalents	146,134	192,600	21,608	22,397
<b>Total current assets</b>	<b>549,359</b>	<b>535,766</b>	<b>23,577</b>	<b>42,683</b>
<b>Total assets</b>	<b>727,530</b>	<b>688,145</b>	<b>153,647</b>	<b>172,703</b>
<b>CURRENT LIABILITIES</b>				
Trade payables	130,108	121,889	-	-
Payable to a subsidiary	-	-	115	550
Other payables, accruals and provisions	49,784	58,054	1,272	1,647
Borrowings	119,730	95,643	-	-
Lease liabilities	10,351	8,238	-	-
Income tax payable	6,344	4,545	-	-
<b>Total current liabilities</b>	<b>316,317</b>	<b>288,369</b>	<b>1,387</b>	<b>2,197</b>
<b>NON CURRENT LIABILITIES</b>				
Borrowings	1,227	1,582	-	-
Lease liabilities	26,917	13,978	-	-
Retirement benefit obligations	1,218	1,216	-	-
Deferred income tax liabilities	4,028	3,971	-	-
<b>Total non-current liabilities</b>	<b>33,390</b>	<b>20,747</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>349,707</b>	<b>309,116</b>	<b>1,387</b>	<b>2,197</b>
<b>NET ASSETS</b>	<b>377,823</b>	<b>379,029</b>	<b>152,260</b>	<b>170,506</b>
<b>EQUITY</b>				
Capital and reserves attributable to the Company's equity holders				
Share capital	104,444	104,444	104,444	104,444
Foreign currency translation reserve	(6,926)	2,650	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	1,981	1,981	2,562	2,562
Statutory reserve fund	5,904	5,417	-	-
Share option reserve	370	290	370	290
Fair value reserve	(4,405)	(4,405)	(4,405)	(4,405)
Other reserve	(269)	(270)	-	-
Retained profits	271,733	263,710	49,289	67,615
	375,177	376,162	152,260	170,506
Non-controlling interests	2,646	2,867	-	-
<b>TOTAL EQUITY</b>	<b>377,823</b>	<b>379,029</b>	<b>152,260</b>	<b>170,506</b>



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

	Group	
	30-06-22	30-06-21
	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit after tax</b>	26,174	31,635
Adjustments for:		
Income tax expense	5,954	6,962
Exchange differences	604	36
Employee share option expense	80	-
Depreciation of property, plant and equipment	9,640	7,957
Depreciation of right-of-use assets	3,515	2,739
Depreciation of investment properties	28	32
(Gain)/Loss on disposal of property, plant and equipment, net	(243)	(41)
Property, plant and equipment written off	6	39
Interest income	(208)	(492)
Interest expense	1,458	1,043
Amortisation of intangible assets	146	168
Operating cash flow before working capital changes	47,154	50,078
<b>Changes in operating assets and liabilities :</b>		
Inventories	(42,524)	(42,511)
Receivables	(27,025)	(34,983)
Payables	5,051	24,621
<b>Cash flows used in operations</b>	(17,344)	(2,795)
Tax paid	(4,044)	(9,578)
Interest paid	(1,458)	(1,043)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	(22,846)	(13,416)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	208	492
Purchase of property, plant and equipment	(24,592)	(6,426)
Proceeds from disposal of property, plant and equipment	584	49
Repayment of loan from a third party	-	240
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(23,800)	(5,645)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital	-	105
Repayment of lease liabilities	(4,223)	(2,711)
Repayment of short term bank borrowings	(140,913)	(74,929)
Repayment of term loans	(534)	(207)
Proceeds from short term bank borrowings	145,353	83,363
Dividend paid to shareholders	(17,636)	(12,810)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	(17,953)	(7,189)
Net decrease in cash and cash equivalents	(64,599)	(26,250)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	152,610	151,132
Effect of exchange rate changes on cash and cash equivalents	(2,650)	(906)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	85,361	123,976



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

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	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30-06-22</b>	<b>30-06-21</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash and cash equivalents at end of the financial period comprise:</b>		
Short term funds placed with Malaysian financial institutions	44,496	43,949
Deposits with licensed banks	20,606	6,314
Cash and bank balances	81,032	109,092
Bank overdrafts	(60,567)	(35,165)
	<u>85,567</u>	<u>124,190</u>
Less: Deposits pledged as securities	(206)	(214)
	<u>85,361</u>	<u>123,976</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 2022 and 30 June 2021**

	Attributable to equity holders of the Company										Non-Controlling Interests \$'000	Total Equity \$'000
	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		
<b>The Group</b>												
At 1 January 2022	104,444	2,650	2,345	1,981	5,417	290	(4,405)	(270)	263,710	376,162	2,867	379,029
Profit for the period	-	-	-	-	-	-	-	-	26,146	26,146	28	26,174
Other comprehensive income/(loss):												
Currency translation differences arising from consolidation	-	(9,576)	-	-	-	-	-	1	-	(9,575)	(249)	(9,824)
Total comprehensive income/(loss) for the period	-	(9,576)	-	-	-	-	-	1	26,146	16,571	(221)	16,350
<i>Transactions with owners recognised directly in equity</i>												
Transfer to statutory reserve fund	-	-	-	-	487	-	-	-	(487)	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	80	-	-	-	80	-	80
Dividend Paid	-	-	-	-	487	80	-	-	(17,636)	(17,636)	-	(17,636)
	-	-	-	-	487	80	-	-	(18,123)	(17,556)	-	(17,556)
At 30 June 2022	<u>104,444</u>	<u>(6,926)</u>	<u>2,345</u>	<u>1,981</u>	<u>5,904</u>	<u>370</u>	<u>(4,405)</u>	<u>(269)</u>	<u>271,733</u>	<u>375,177</u>	<u>2,646</u>	<u>377,823</u>
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/(loss):												
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/(from) 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>



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 2022	104,444	-	-	2,562	-	290	(4,405)	67,615	170,506
Total comprehensive loss for the period	-	-	-	-	-	-	-	(690)	(690)
<i>Transactions with owners recognised directly in equity</i>									
Employee share option scheme - Value of employee services	-	-	-	-	-	80	-	-	80
Dividend paid	-	-	-	-	-	80	-	(17,636)	(17,556)
	-	-	-	-	-	80	-	(17,636)	(17,556)
At 30 June 2022	<u>104,444</u>	<u>-</u>	<u>-</u>	<u>2,562</u>	<u>-</u>	<u>370</u>	<u>(4,405)</u>	<u>49,289</u>	<u>152,260</u>
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>



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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 2022 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 2022 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 2021.

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 2022.

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 2021.

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: 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 2022

	Mechatronics	IMS	Investment Holding & Management Services	Others	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Turnover</b>						
External revenue	340,326	48,471	-	138	-	388,935
Inter-segment sales	-	-	6,037	-	(6,037)	-
	<u>340,326</u>	<u>48,471</u>	<u>6,037</u>	<u>138</u>	<u>(6,037)</u>	<u>388,935</u>
<b>Segment results</b>						
	27,138	2,314	3,851	75	-	33,378
Interest income	69	9	130	-	-	208
Finance costs	(1,087)	(369)	(2)	-	-	(1,458)
Profit before income tax						<u>32,128</u>
Income tax expense	(5,454)	(440)	(31)	(29)	-	<u>(5,954)</u>
Total profit						<u><u>26,174</u></u>
Other segment information:						
Capital expenditure	21,748	1,756	251	-	-	23,755
Depreciation and amortisation	8,975	4,257	69	28	-	13,329
Other non-cash expenses other than depreciation and amortisation	24	21	45	-	-	90
	<u>24</u>	<u>21</u>	<u>45</u>	<u>-</u>	<u>-</u>	<u>90</u>
<b>As at 30 June 2022</b>						
Segment assets	<u>534,029</u>	<u>114,351</u>	<u>77,682</u>	<u>1,468</u>	<u>-</u>	<u>727,530</u>
Segment liabilities	<u>310,443</u>	<u>36,756</u>	<u>2,439</u>	<u>69</u>	<u>-</u>	<u>349,707</u>

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

	Mechatronics	IMS	Investment Holding & Management Services	Others	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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

**As at 31 December 2021**

Segment assets	<u>487,006</u>	<u>121,320</u>	<u>78,312</u>	<u>1,507</u>	<u>-</u>	<u>688,145</u>
Segment liabilities	<u>264,190</u>	<u>41,055</u>	<u>3,787</u>	<u>84</u>	<u>-</u>	<u>309,116</u>

**4.2 Geographical segments**

	Revenue from external customers		Non-current assets	
	6 months ended		30-06-22	31-12-21
	30-06-22	30-06-21	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000
<b>Based on location of customer</b>				
The Netherlands	97,727	94,782	57,733	35,493
People's Republic of China	46,394	63,975	38,117	40,552
Malaysia	33,469	40,006	32,371	32,136
Czech Republic	23,037	20,049	-	-
Singapore	50,607	35,928	36,731	30,846
Hungary	4,824	5,746	-	-
America	35,832	32,775	6,603	6,667
Germany	18,971	23,462	-	-
Switzerland	52	60	1,118	1,170
Thailand	46,424	32,624	1,378	1,543
India	3,189	3,589	2,613	2,485
Indonesia	5,344	4,383	-	-
United Kingdom	1,220	1,177	-	-
Mexico	2,369	2,555	-	-
Italy	4,645	5,075	-	-
Slovakia	1,405	1,418	-	-
Others	13,426	7,694	-	-
	<u>388,935</u>	<u>375,298</u>	<u>176,664</u>	<u>150,892</u>

**4.3 Information about major customers**

Included in revenue arising from Mechatronics division of \$340,326,000 (30.06.2021 : \$320,369,000) are revenue of approximately \$54,506,000 (30.06.2021 : \$50,149,000) 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:

##### For the six months ended 30 June 2022

	Mechatronics \$'000	IMS \$'000	Others \$'000	Total \$'000
At a point in time:				
Sale of goods	335,439	46,168	-	381,607
Installation services	4,887	-	-	4,887
Rental income	-	-	138	138
	<u>340,326</u>	<u>46,168</u>	<u>138</u>	<u>386,632</u>
Over time:				
Sale of moulds	-	2,303	-	2,303
	<u>340,326</u>	<u>48,471</u>	<u>138</u>	<u>388,935</u>

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

	Mechatronics \$'000	IMS \$'000	Others \$'000	Total \$'000
At a point in time:				
Sale of goods	316,304	53,200	-	369,504
Installation services	4,065	-	-	4,065
Rental income	-	-	141	141
	<u>320,369</u>	<u>53,200</u>	<u>141</u>	<u>373,710</u>
Over time:				
Sale of moulds	-	1,588	-	1,588
	<u>320,369</u>	<u>54,788</u>	<u>141</u>	<u>375,298</u>

#### 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 2022 and 31 December 2021.

	Group		Company	
	30-06-22 \$'000	31-12-21 \$'000	30-06-22 \$'000	31-12-21 \$'000
Financial asset at fair value through other comprehensive income	<u>1,995</u>	<u>1,995</u>	<u>1,995</u>	<u>1,995</u>
Loans and receivables:				
Trade receivables	142,610	123,311	-	-
Receivables from subsidiaries	-	-	168	68
Dividend receivable from subsidiaries	-	-	-	20,202
Other receivables, deposits and prepayments	20,748	16,771	1,801	16
Cash and cash equivalents	146,134	192,600	21,608	22,397
Less: Prepayments	(9,388)	(10,449)	(5)	(14)
Total	<u>300,104</u>	<u>322,233</u>	<u>23,572</u>	<u>42,669</u>
Trade payables	130,108	121,889	-	-
Payable to a subsidiary	-	-	115	550
Other payables, accruals and provisions	49,784	58,054	1,272	1,647
Borrowings	120,957	97,225	-	-
Lease liabilities	37,268	22,216	-	-
Financial liabilities at amortised cost	<u>338,117</u>	<u>299,384</u>	<u>1,387</u>	<u>2,197</u>

**6. Profit before income tax**

	Group	
	6 months ended	
	30-06-22	30-06-21
	\$'000	\$'000
<b>Profit before income tax has been arrived after charging/(crediting):</b>		
Investment income		
Other income including interest income	(4,781)	(4,442)
Interest on borrowings	1,458	1,043
Depreciation of property, plant and equipment	9,640	7,957
Depreciation of right-of-use assets	3,515	2,739
Depreciation of investment properties	28	32
Amortisation of intangible assets	146	168
Allowance/(write-back) for doubtful debts and bad debts written off	36	18
Allowance/(write back) for inventory obsolescence	883	447
Impairment in value of investments	-	-
Foreign exchange (gain)/loss, net	(775)	(9)
Adjustments for (over)/under provision of tax in respect of prior years	(200)	(704)
(Gain)/Loss on disposal of property, plant and equipment, net	(243)	(41)
Property, plant and equipment written off	6	39

**7. Taxation**

	Group	
	6 months ended	
	30-06-22	30-06-21
	\$'000	\$'000
Income tax expense attributable to profit is made up of:		
- Current income tax	(5,970)	(7,512)
- Deferred income tax	(107)	(68)
	(6,077)	(7,580)
Over/ (under) recognition in respect of previous financial years:		
- Current income tax	248	534
- Deferred income tax	(48)	170
	200	704
Withholding tax	(77)	(86)
	(5,954)	(6,962)

**8. Dividends**

	Group	
	6 months ended	
	30-06-22	30-06-21
	\$'000	\$'000
Ordinary dividends paid		
First and final tax exempt (one-tier) dividend paid of 4.13 cents per share (6 months ended 30 June 2021: 3.00 cents)	(17,636)	(12,810)

**9. Net asset value**

	Group		Company	
	30-06-22	31-12-21	30-06-22	31-12-21
	\$'000	\$'000	\$'000	\$'000
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	87.86	88.09	35.66	39.93

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 30.06.2022 of 427,025,409 (31.12.2021 : 427,025,409).

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

	Group and Company	
	30-06-22	31-12-21
	\$'000	\$'000
Unquoted equity security designated at FVTOCI	1,995	1,995

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	Intellectual properties \$'000	Total \$'000
<b>At 30 June 2022</b>					
<b>Cost:</b>					
At beginning of the financial year	20,215	17,534	2,414	5,962	46,125
Currency translation differences	(295)	(582)	(78)	-	(955)
At end of the financial period	19,920	16,952	2,336	5,962	45,170
<b>Accumulated amortisation:</b>					
At beginning of the financial year	-	5,100	2,251	5,962	13,313
Currency translation differences	-	(167)	(73)	-	(240)
Amortisation charge	-	123	23	-	146
At end of the financial period	-	5,056	2,201	5,962	13,219
<b>Accumulated impairment:</b>					
At beginning of the financial year	2,199	11,149	-	-	13,348
Currency translation differences	(91)	(367)	-	-	(458)
At end of the financial period	2,108	10,782	-	-	12,890
Carrying value: At 30 June 2022	17,812	1,114	135	-	19,061
<b>At 31 December 2021</b>					
<b>Cost:</b>					
At beginning of the financial year	12,279	18,273	2,388	5,963	38,903
Currency translation differences	(456)	(739)	(2)	(1)	(1,198)
Acquisition of a subsidiary	8,392	-	-	-	8,392
Additions	-	-	28	-	28
At end of the financial year	20,215	17,534	2,414	5,962	46,125
<b>Accumulated amortisation:</b>					
At beginning of the financial year	-	4,959	2,212	5,963	13,134
Currency translation differences	-	(134)	(7)	(1)	(142)
Amortisation charge	-	275	46	-	321
At end of the financial year	-	5,100	2,251	5,962	13,313



**Accumulated impairment:**

At beginning of the financial year	2,340	11,717	-	-	14,057
Currency translation differences	(141)	(568)	-	-	(709)
At end of the financial year	2,199	11,149	-	-	13,348
Carrying value: At 31 December 2021	18,016	1,285	163	-	19,464

**(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	
	30-06-22 \$'000	31-12-21 \$'000
<u>Mechatronics:</u>		
America	2,174	2,268
The Netherlands	7,246	7,356
Singapore	8,392	8,392
	<u>17,812</u>	<u>18,016</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	
	30-06-22 %	31-12-21 %
<u>Mechatronics:</u>		
Gross margin <sup>(1)</sup>	11.5 to 22.7	13.2 to 23.0
Growth rate <sup>(2)</sup>	0.0	0.0
Discount rate <sup>(3)</sup>	9.7 to 10.3	10.2 to 12.5

<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 (2021 : 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 7.6% to 9.8% (2021 : 6.6% to 8.1%) 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 2021 : 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 \$23,755,000 (30.06.2021: \$6,775,000) of which \$45,000 (30.06.2021: \$656,000) was included in other payables at balance sheet date. Cash payments of \$24,592,000 (30.06.2021: \$6,426,000) includes an amount of \$882,000 (30.06.2021: \$307,000) for payment from other payables to purchase property, plant and equipment incurred in previous financial year.

## 13. Investment properties

	Group	
	30-06-22	31-12-21
	\$'000	\$'000
Cost:		
At beginning of the financial year	1,777	1,804
Currency translation differences	(57)	(27)
At end of the financial period/year	1,720	1,777
Accumulated depreciation:		
At beginning of the financial year	292	232
Charge for the financial year	28	64
Currency translation differences	(10)	(4)
At end of the financial period/year	310	292
Carrying amount at end of the financial period/year	1,410	1,485

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 2022 and 31 December 2021 are as follows:

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
At 30 June 2022				
Leasehold buildings	-	-	2,635	2,635
At 31 December 2021				
Leasehold buildings	-	-	2,334	2,334

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	
	30-06-22	30-06-21
	\$'000	\$'000
The following amounts are recognised in income statement:		
Rental income	(138)	(141)
Direct operating expenses arising from:		
- Investment properties that generate rental income	15	17
	15	17

## 14. Borrowings

	Group	
	30-06-22	31-12-21
	\$'000	\$'000
Amount repayable within one year or on demand		
Secured	67,737	49,711
Unsecured	51,993	45,932
	119,730	95,643
Amount repayable after one year		
Secured	1,227	1,582
Unsecured	-	-
	1,227	1,582
Total	120,957	97,225

## 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)	60,262	305	60,567
Other short-term borrowings	(ii)	6,722	51,568	58,290
Term Loans	(iii)	1,980	120	2,100
		<u>68,964</u>	<u>51,993</u>	<u>120,957</u>

- (i) bank overdrafts of :-  
 (a) \$60,073,000 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) \$189,000 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 of \$6,722,000 is pledged on the trade receivables of certain subsidiaries in China.
- (iii) term loans of :-  
 (a) \$508,000 is secured by machinery of a subsidiary in China; and  
 (b) \$1,472,000 is secured by personal guarantee by former directors of a newly acquired subsidiary in Singapore.

## 15. Share capital

	Group and Company			
	30-06-22		31-12-21	
	Number of ordinary shares	Amount \$'000	Number of ordinary shares	Amount \$'000
Beginning of the financial year	427,025,409	104,444	426,472,409	104,329
Exercise of share options	-	-	553,000	115
End of the financial period/year	<u>427,025,409</u>	<u>104,444</u>	<u>427,025,409</u>	<u>104,444</u>

### Issued and paid up capital

On 26 January 2022, the Company granted 470,000 options pursuant to Frencken Group Limited's Employee Share Option Scheme 2020 at an exercise price of \$1.37 per share ("2022 Options"). The 2022 Options are exercisable from 26 January 2024 and expire on 25 January 2032.

There were no changes in the Company's share capital for the period ended 30 June 2022. There are no treasury shares held as at the end of the current period.

	Total number of issued shares as at	
	30-06-22	30-06-21
Number of issued shares	427,025,409	427,002,409
Number of treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>427,025,409</u>	<u>427,002,409</u>

### Share options

The movement of share options of the Company during the period from 1 January 2022 to 30 June 2022 is as follows:

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 01.01.22	Granted during the period	Forfeited during the period	Exercised during the period	As at 30.06.22		
6.12.2017 (2017 Option)	1,112,000	-	-	-	1,112,000	\$0.432	6.12.2019 - 5.12.2027
26.1.2022 (2022 Option)	-	470,000	-	-	470,000	\$1.370	26.1.2024 - 25.1.2032
	<u>1,112,000</u>	<u>470,000</u>	<u>-</u>	<u>-</u>	<u>1,582,000</u>		

	Total number of shares as at	
	30-06-22	30-06-21
Total number of shares that may be issued on exercise of share options outstanding	<u>1,582,000</u>	<u>1,135,000</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	
	30-06-22	31-12-21
Total number of issued shares excluding treasury shares	427,025,409	<u>427,025,409</u>

**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	
	30-06-22	30-06-21
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)	6.12	7.34
- Weighted average number of shares (in thousand)	427,025	426,973
(ii) On a fully diluted basis (in cents)	6.11	7.33
- Adjusted weighted average number of shares (in thousand)	427,807	427,749

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 analytical & life sciences, automotive, healthcare, industrial, and semiconductor segments.

The Group offers end-to-end solutions across the entire customer value chain - from product conceptualization, 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 over 3,600 employees located in 18 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

	1H	2H	Full Year
<b>FY2022 (S\$'000)</b>	388,935	-	-
<b>FY2021 (S\$'000)</b>	375,298	391,771	767,069
<b>yoy (%)</b>	3.6	N.M.	N.M.

For the six months ended 30 June 2022 ("1H22"), the Group's revenue increased 3.6% year-on-year (YoY) to S\$388.9 million.

##### Revenue breakdown by Business Segment

Sales	1H22	1H21	YoY
	S\$'000	S\$'000	%
<b>MECHATRONICS DIVISION</b>			
Semiconductor	152,750	140,838	8.5
Medical	45,694	49,049	(6.8)
Analytical & Life Sciences	75,144	70,503	6.6
Industrial Automation	57,350	53,580	7.0
Others	9,388	6,399	46.7
<b>Mechatronics Total</b>	<b>340,326</b>	<b>320,369</b>	<b>6.2</b>
<b>IMS DIVISION</b>			
Automotive	36,126	43,356	(16.7)
Consumer & Industrial			
Electronics	9,279	9,022	2.8
Others	763	822	(7.2)
Tooling	2,303	1,588	45.0
<b>IMS Total</b>	<b>48,471</b>	<b>54,788</b>	<b>(11.5)</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 increased 6.2% YoY to S\$340.3 million in 1H22 from S\$320.4 million in 1H21.

Sales of the semiconductor segment grew 8.5% YoY to S\$152.8 million in 1H22 lifted by higher orders for front-end semiconductor equipment from customers in Europe and Asia.

The medical segment registered a 6.8% YoY decline in sales to S\$45.7 million in 1H22, due mainly to slower sales to customers in Europe.

The analytical & life sciences segment's revenue increased 6.6% YoY to S\$75.1 million in 1H22 due to higher sales to customers in both Europe and Asia.

Revenue of the industrial automation segment was up 7.0% YoY to S\$57.4 million in 1H22. Sales of this segment are typically lumpy in nature and dependent on the capital expenditure of a key customer.

Revenue at the IMS Division declined 11.5% YoY to S\$48.5 million in 1H22. This was due to lower sales of the automotive segment which decreased 16.7% to S\$36.1 million in 1H22 from S\$43.4 million in 1H21. Sales of this segment were adversely affected by continuing bottlenecks in the global supply chain.

### Gross Profit Margin

The Group's gross profit decreased 7.0% YoY to S\$60.8 million in 1H22. Gross profit margin eased to 15.6% in 1H22 from 17.4% in 1H21 due to variation in sales mix and inflationary cost pressures. In addition, depreciation expenses also climbed in 1H22 as a result of the Group's capital investments to upgrade and expand its global manufacturing facilities.

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

Other income, net of other operating expenses, increased 61.3% to S\$3.5 million in 1H22 from S\$2.2 million in 1H21. This was due mainly to higher project income and net foreign exchange gain.

### Selling and Administrative Expenses

Selling and distribution expenses remained stable at S\$5.7 million in 1H22.

Administrative and general expenses increased 11.1% to S\$25.2 million in 1H22 compared to S\$22.7 million in 1H21 due mainly to higher staff-related expenses.

### Finance Costs

Finance costs in 1H22 increased 39.8% to S\$1.5 million from S\$1.0 million in 1H21 due to higher trade financing and interest on lease liabilities.

### Group Profit before Income Tax

After accounting for the above items, the Group reported a 16.8% decrease in profit before income tax to S\$32.1 million in 1H22. This decrease was attributed to increased operating costs, the weaker performance of the automotive segment and expansion costs of new production facilities in Europe, Malaysia and Singapore.

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

	1H	2H	Full Year
<b>FY2022 (S\$'000)</b>	26,146	-	-
<b>FY2021 (S\$'000)</b>	31,335	27,392	58,727
<b>yoy (%)</b>	(16.6)	N.M.	N.M.

After deducting income tax expense of S\$6.0 million, the Group reported a net profit attributable to equity holders ("PATMI") of S\$26.1 million in 1H22, a decline of 16.6% from S\$31.3 million in 1H21.



## Balance Sheet

As at 30 June 2022, the Group had shareholders' equity of S\$375.2 million, equivalent to net asset value of 87.86 cents per share based on total number of issued shares of 427.0 million shares.

Total assets increased to S\$727.5 million as at 30 June 2022 from S\$688.1 million as at 31 December 2021.

Property, plant and equipment increased to S\$121.3 million as at 30 June 2022 from S\$110.8 million as at 31 December 2021. During 1H22, the Group incurred capital expenditure of S\$23.8 million. Depreciation of property, plant and equipment amounted to S\$9.6 million in 1H22. As at 30 June 2022, the Group's right-of-use assets increased to S\$32.9 million from S\$17.2 million as at 31 December 2021, attributable to the addition of new manufacturing facilities. Correspondingly, lease liabilities also increased to S\$37.3 million as at 30 June 2022 from S\$22.2 million as at 31 December 2021.

Inventories increased to S\$239.9 million as at 30 June 2022 from S\$203.1 million as at 31 December 2021, to manage supply chain disruptions. Trade receivables as at 30 June 2022 also increased to S\$142.6 million from S\$123.3 million as at 31 December 2021.

As at 30 June 2022, the Group's cash and cash equivalents decreased to S\$146.1 million from S\$192.6 million as at 31 December 2021. Total borrowings increased to S\$121.0 million as at 30 June 2022 from S\$97.2 million as at 31 December 2021. The Group had net cash of S\$25.2 million as at 30 June 2022 which translated to a total debt-to-equity ratio of 32.2%.

## Cash Flow Analysis

The Group used net cash of S\$22.8 million in operating activities in 1H22 due mainly to working capital requirements. Net cash used in investing activities amounted to S\$23.8 million in 1H22 due mainly to capital expenditure.

Net cash used in financing activities amounted to S\$18.0 million in 1H22, due primarily to the payment of dividends to shareholders.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of S\$64.6 million during 1H22. When added to its opening cash and cash equivalents of S\$152.6 million at the beginning of 1H22 and after accounting for the negative effect of foreign currency movements of S\$2.6 million on its opening cash and cash equivalents, the Group had a cash balance of S\$85.4 million as at 30 June 2022.

## 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 1H22 is generally in line with the guidance provided in its business update for 1Q22 which was posted on the SGX website on 17 May 2022.

**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**

Amid the ongoing pandemic and heightened geopolitical tensions, global businesses have encountered a host of challenges since the beginning of 2022, ranging from supply chain disruptions, inflationary pressures due to rising raw materials, labour, freight and energy prices, etc, as well as workforce disruptions in China. The China government's pandemic-related measures have also heightened operating challenges in the country. Besides affecting the Group's operations, these factors delayed new product introduction (NPI) programs and the production schedules of some customers.

Despite facing strong headwinds and inflationary cost pressures, coupled with near-term impact from its capacity expansion initiatives, the Group achieved higher revenue and profitable performance in 1H22.

While the business environment is envisaged to remain challenging, the Group believes its highly diverse exposure to multiple market segments in the high technology industry, combined with the strength of its balance sheet, will continue to provide resilience as Frencken pursues its long-term goals.

Frencken will continue to focus on its long term strategy of strengthening its market position in the high technology industry, and its goal to deliver sustainable and profitable growth. As such, the Group will continue to execute programs to increase its value proposition, raise operational excellence, strengthen global capabilities and deliver best-in-class quality.

To meet the overall demand from customers, the Group has been making significant capital investments since FY2021 to increase production space, capacity and competencies, as well as expand its skilled workforce. In 2H22, the Group will continue working actively on the preparation of new sites and production facilities in Europe, Malaysia and Singapore to cater for future business growth.

In the interim period, these investments will increase costs as the Group sets up and qualifies the new facilities. Frencken will be positioned to pursue additional revenue drivers for 2023 and beyond.

The Group has also witnessed success in its efforts to mitigate the inflationary cost pressures through its operational initiatives and passing some of the increased input costs to customers from 2H22.

The Mechatronics Division has forged long-term customer relationships with multinational companies that are leaders in their respective fields. This division continues to make encouraging progress to expand wallet share through its partnerships with existing customers.

At the IMS Division, the Group envisages its automotive segment to benefit from more programs in the future, driven by the V2X (vehicle-to-everything) trends. Supply chain challenges weighing down the global automotive industry are also anticipated to ease during 2H22.

**BUSINESS SEGMENT OUTLOOK**

Based on current indicators and barring unforeseen circumstances or unforeseen deterioration in the business environment, the Group expects its revenue in 2H22 to show a moderate increase compared to 1H22.

Anticipated performances of the Group's key business segments in 2H22 as compared to 1H22:

- **Semiconductor** segment is expected to post higher revenue;
- **Medical** segment's revenue is anticipated to increase;
- **Analytical & life sciences** segment is expected to post moderately higher revenue;
- **Industrial Automation** segment's revenue is anticipated to decrease; and
- **Automotive** segment is expected to record higher 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 2022 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	
	30/06/22	30/06/21
	Not applicable	-

The Company does not have any general mandate from shareholders pursuant to Rule 920.

## 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 2022 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  
11-Aug-22