FRENCKEN GROUP LIMITED

(Company Registration No. 199905084D)

Announcement

Business Update for 3Q09

Based on a preliminary assessment of the unaudited results of Frencken Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") for the three months ended 30 September 2009 ("3Q09"), the Board of Directors considers it appropriate to provide investors with updates on its business and financial performance for 3Q09.

Mechatronics Division

Since acquiring ETLA Limited ("ETLA") in May 2009, the Group has embarked on a number of strategic initiatives (as outlined in its financial statements for 2Q09 announced on 13 August 2009) to leverage on the stronger operational capabilities and increased geographical footprint of its enlarged Mechatronics Division.

To support these initiatives as well as extract operational and cost efficiencies, the Group is in the process of integrating its mechatronics operations in Malaysia by consolidating its two existing manufacturing facilities in Penang and Kuala Lumpur to a single plant in Bangi, Selangor. This consolidation exercise necessitated a one-time writing off for the capitalised installation and renovation costs of its mechatronics facilities in Penang, as well as costs for shifting machinery to the new plant in Bangi. At the same time, the bulk of the precision machining operations at the Group's plant in Singapore were relocated to the plant in Bangi. As a result, the Group has experienced production disruptions in the process of starting its operations at the plant in Bangi.

While demand in the high technology capital equipment sector has been relatively slow to recover from the global financial crisis, the Group expects the Mechatronics Division to report an increase in revenue for 3Q09, compared to the same period last year (3Q08) and the preceding quarter (2Q09), due mainly to the additional 3-month sales contribution of ETLA.

Despite anticipating better revenue in 3Q09, the Mechatronics Division is expected to post lower net profit in 3Q09, compared to 3Q08 and 2Q09, due primarily to the costs associated with the consolidation exercise in Malaysia.

EMS Division

Revenue of the EMS Division in 3Q09 is expected to be lower than 3Q08, but better than 2Q09. The lower revenue year-on-year can be attributed primarily to the declining customer orders of the EMS Division's keypad business, as well as slower product shipments and a delay in the commercial production of a major project in the office automation segment. Consequently, the EMS Division is expected to incur a net loss in 3Q09, compared to a net profit of S$1.6 million in 3Q08.

Group Performance

As a result of the anticipated lower profit of the Mechatronics Division and net loss of the EMS Division, the Directors expect the Group to slip into a net loss position in 3Q09.

Nonetheless, the Group is confident that its sound financial position will enable it to overcome near-term market challenges as it continues to focus on executing its strategic initiatives to further strengthen its business capabilities for the long term.

Further information on the Group's financial performance and plans will be provided when its financial statements for 3Q09 are released in November 2009.

On behalf of the Board

Gooi Soon Hock
Executive Director

8 October 2009

About Frencken Group

Frencken Group Limited is a global contract manufacturer with capabilities to provide complete and integrated 'one-stop' outsourcing solutions in partnership with its customers in the capital equipment and consumer industries.

Leveraging on the advanced design, engineering and high-precision manufacturing capabilities of its global network of operating subsidiaries in The Netherlands, Singapore, Malaysia and China, the Group offers a comprehensive range of contract manufacturing services that span the entire value chain.

The Group serves a global customer base that comprises renowned companies from a variety of industries, including medical, semiconductor, analytical, pharmaceutical, industrial/factory automation, automotive, office automation, and consumer electronics.

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