FRENCKEN GROUP LIMITED

(Registration No. 199905084D)

Unaudited Third 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			9 months ended		
	30/09/09 $'000	30/09/08 $'000	% Change	30/09/09 $'000	30/09/08 $'000	% Change
Revenue	58,658	58,153	0.9%	138,214	178,246	-22.5%
Cost of sales	(53,495)	(49,262)	8.6%	(127,651)	(151,636)	-15.8%
Gross profit	5,163	8,891	-41.9%	10,563	26,610	-60.3%
Other gains	606	439	38.0%	1,919	1,320	45.4%
Selling and distribution expenses	(1,411)	(1,187)	18.9%	(3,345)	(3,670)	-8.9%
Administrative and general expenses	(3,818)	(2,463)	55.0%	(8,579)	(7,710)	11.3%
Other operating expenses	(978)	-	N.M.	(1,188)	(328)	262.2%
Interest income	206	362	-43.1%	570	967	-41.1%
Finance costs	(301)	(5)	5920.0%	(412)	(27)	1425.9%
Share of result of associated companies	-	(11)	N.M.	-	(45)	N.M.
(Loss)/Profit before negative goodwill and income tax	(533)	6,026	-108.8%	(472)	17,117	-102.8%
Negative goodwill *	131	-	N.M.	13,557	-	N.M.
(Loss)/Profit before income tax	(402)	6,026	-106.7%	13,085	17,117	-23.6%
Income tax expense	(435)	(1,091)	-60.1%	(446)	(3,742)	-88.1%
Net (loss)/profit attributable to equity holders	(837)	4,935	-117.0%	12,639	13,375	-5.5%
Analysis of Net Profit						
(Loss)/Profit before negative goodwill and income tax	(533)	6,026	-108.8%	(472)	17,117	-102.8%
Income tax expense	(435)	(1,091)	-60.1%	(446)	(3,742)	-88.1%
Net (loss)/profit before negative goodwill attributable to business	**(968)**	**4,935**	**-119.6%**	**(918)**	**13,375**	**-106.9%**
Negative goodwill *	**131**	**-**	**N.M.**	**13,557**	**-**	**N.M.**
Net (loss)/profit attributable to equity holders	(837)	4,935	-117.0%	12,639	13,375	-5.5%

* This negative goodwill arising from the acquisition of ETLA Limited in May 2009 is recognised as a gain in the income statement in accordance with FRS 103 for Business Combinations. This provisional gain is computed based on the excess of provisional fair value of identifiable assets and liabilities of ETLA Limited and its subsidiaries at the date of acquisition over the purchase consideration.

N.M. : Not meaningful

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

	Group			Group		
	3 months ended			9 months ended		
	30/09/09	30/09/08	%	30/09/09	30/09/08	%
	$'000	$'000	Change	$'000	$'000	Change
(Loss)/Profit for the period is arrived at after charging/(crediting) :-						
Investment income	-	-	-	-	-	-
Other income including interest income	(812)	(801)	1.4%	(2,489)	(2,287)	8.8%
Interest on borrowings	301	5	5920.0%	412	27	1425.9%
Depreciation of property, plant and equipment	3,317	2,087	58.9%	8,011	6,226	28.7%
(Write-back)/Allowance for doubtful debts and bad debts written off	(11)	-	N.M.	1	-	N.M.
(Write back)/Allowance for inventory obsolescence	648	18	3500.0%	610	(498)	222.5%
Impairment in value of investments	-	-	-	-	-	-
Foreign exchange (gain)/ loss -realised	(49)	(137)	-64.2%	227	(67)	438.8%
Foreign exchange (gain)/ loss -unrealised	183	175	4.6%	(316)	204	-254.9%
Adjustments for (over)/ under provision of tax in respect of prior years	(24)	60	-140.0%	44	60	-26.7%
(Gain)/Loss on disposal of property, plant and equipment	9	(33)	127.3%	(1)	(194)	-99.5%
Property, plant and equipment written off	414	7	5814.3%	427	11	3781.8%
Gain on dilution of interest in an associate	-	(244)	N.M.	-	(244)	N.M.
Negative goodwill arising from acquisition	(131)	-	N.M.	(13,557)	-	N.M.

N.M. : Not meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of immediately preceding financial year.

	Group		Company	
	30/09/09	31/12/08	30/09/09	31/12/08
	$'000	$'000	$'000	$'000
NON-CURRENT ASSETS				
Property, plant and equipment	90,537	53,684	-	-
Investments in subsidiaries	-	-	72,992	51,297
Financial asset, available-for-sale	6,400	6,400	6,400	6,400
Goodwill arising on consolidation	13,757	13,757	-	-
Deferred income tax assets	1,178	1,176	-	-
	111,872	75,017	79,392	57,697
CURRENT ASSETS				
Inventories	54,189	45,976	-	-
Trade receivables	45,739	41,551	-	-
Receivable from subsidiaries	-	-	1,545	2,540
Dividends receivable from subsidiaries	-	-	-	7,143
Other receivables	2,965	3,968	37	741
Tax recoverable	525	593	-	-
Financial asset, available-for-sale (N1)	5,257	6,049	-	-
Cash and cash equivalents	56,852	39,736	6,410	7,609
	165,527	137,873	7,992	18,033
Total assets	277,399	212,890	87,384	75,730
CURRENT LIABILITIES				
Trade payables	27,406	19,943	-	-
Other payables	14,188	11,142	347	641
Borrowings	17,516	76	-	-
Taxation	177	93	2	10
	59,287	31,254	349	651
NON CURRENT LIABILITIES				
Borrowings	14,633	134	-	-
Deferred income tax liabilities	2,003	1,805	-	-
	16,636	1,939	-	-
Total liabilities	75,923	33,193	349	651
NET ASSETS	201,476	179,697	87,035	75,079
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	90,552	76,615	90,552	76,615
Foreign currency translation reserve	8,711	7,844	-	-
Capital reserve	2,345	2,345	-	-
Share option reserve	200	14	200	14
Retained profits / (Accumulated losses)	99,668	92,879	(3,717)	(1,550)
	110,924	103,082	(3,517)	(1,536)
TOTAL EQUITY	201,476	179,697	87,035	75,079

(N1) This represents a short term funds placed with a Malaysian financial institution

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

Amount repayable in one year or less, or on demand

As at 30/09/09		As at 31/12/08	
Secured $'000	**Unsecured $'000**	**Secured $'000**	**Unsecured $'000**
3,031	14,485	76	-

Amount repayable after one year

As at 30/09/09		As at 31/12/08	
Secured $'000	**Unsecured $'000**	**Secured $'000**	**Unsecured $'000**
14,285	348	134	-

Details of any collateral

The secured borrowings of the Group as at 30 September 2009 comprise building loans and finance lease liabilities and are secured by mortgages over the leasehold properties, machinery, equipment and motor vehicles owned by certain subsidiaries in the Group.

The secured borrowings of the Group as at 31 December 2008 comprised finance lease liabilities and were secured on equipment and motor vehicles.

One of the newly acquired subsidiary is required to comply with certain financial covenants in respect of certain bank borrowings. This subsidiary has complied with all the financial covenants except for one, which waiver has been obtained from the lender for the non-compliance. This subsidiary is required to obtain waiver at each reporting of the quarterly and full year results, if the financial covenants are breach.

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

	Group 3 months ended		Group 9 months ended	
	30/09/09	**30/09/08**	**30/09/09**	**30/09/08**
	$ '000	**$ '000**	**$ '000**	**$ '000**
CASH FLOWS FROM OPERATING ACTIVITIES				
Total profit	(837)	4,935	12,639	13,375
Adjustments for:				
Income tax expense	435	1,091	446	3,742
Exchange differences	249	56	105	277
Employee share option expense	60	-	186	-
Depreciation of property, plant and equipment	3,317	2,087	8,011	6,226
(Gain)/Loss on disposal of property, plant and equipment	9	(33)	(1)	(194)
Property, plant and equipment written off	414	7	427	11
Interest income	(206)	(362)	(570)	(967)
Interest expense	301	5	412	27
Share of result of associated companies	-	11	-	45
Gain on dilution of interest in an associate	-	(244)	-	(244)
Negative goodwill arising from acquisition	(131)	-	(13,557)	-
Operating cash flow before working capital changes	3,611	7,553	8,098	22,298
Changes in operating assets and liabilities :				
Inventories	3,381	338	6,942	3,464
Receivables	(141)	(3,360)	7,639	(2,924)
Payables	4,589	2,068	(2,107)	(5,719)
Cash flows generated from operations	11,440	6,599	20,572	17,119
Tax paid	(154)	(1,101)	(1,275)	(4,445)
Tax refunded	-	-	383	-
Interest paid	(301)	(5)	(412)	(27)
NET CASH GENERATED FROM OPERATING ACTIVITIES	10,985	5,493	19,268	12,647
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	206	362	570	967
Withdrawal/(Placement) of short term fund with a Malaysian financial institution	(42)	(72)	718	2,926
Purchase of property, plant and equipment **(Note 1)**	(804)	(2,201)	(3,309)	(3,705)
Proceeds from disposal of property, plant and equipment	47	124	74	402
Acquisition of a subsidiary, net of cash acquired **(Note 2)**	(369)	-	3,380	-
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(962)	(1,787)	1,433	590
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of finance lease liabilities	(637)	(91)	(989)	(361)
Repayment of short term borrowings	(5,889)	(411)	(10,034)	(2,031)
Repayment of term loans	(373)	-	(497)	-
Proceeds from short term borrowings	6,628	225	9,871	2,022
Proceeds from term loans	1,333	-	3,627	-
Dividend paid to shareholders	-	-	(5,850)	(6,917)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	1,062	(277)	(3,872)	(7,287)
Net increase in cash and cash equivalents	11,085	3,429	16,829	5,950
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD / YEAR	45,626	37,053	39,736	34,693
Effect of exchange rate changes on cash and cash equivalents	141	(434)	287	(595)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	56,852	40,048	56,852	40,048

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

	Group		Group	
	3 months ended		9 months ended	
	30/09/09	30/09/08	30/09/09	30/09/08
	$ '000	$ '000	$ '000	$ '000
Cash and cash equivalents at end of the financial period comprise:				
Deposits with licensed banks	47,500	28,981	47,500	28,981
Cash and bank balances	9,352	11,067	9,352	11,067
Bank overdrafts	-	-	-	-
	56,852	40,048	56,852	40,048

Note 1 :
During the financial period, the Group acquired property, plant and equipment with an aggregate cost of $4,713,000 (30.09.2008: $5,964,000) of which $53,000 (30.09.2008: $148,000) was acquired by means of finance lease arrangement and $1,351,000 (30.09.2008: $2,111,000) included in other payables at balance sheet date. Cash payments of $3,309,000 (30.09.2008: $3,705,000) were made to purchase these property, plant and equipment.

Note 2 :
On 15 May 2009, the Company acquired 100% of the issued share capital of ETLA Limited ("ETLA"). Upon acquisition, ETLA became a wholly owned subsidiary of the Group.

The fair values of the identifiable assets and liabilities of ETLA Limited and its subsidiaries at the date of acquisition were as follows:

	$ '000
Property, plant and equipment	40,880
Inventories	14,600
Trade and other receivables	10,487
Tax recoverable	7
Cash and cash equivalent	6,225
Trade and other payables	(11,842)
Bank borrowings	(29,216)
Deferred income tax liabilities	(802)
Identifiable net assets acquired	30,339
Negative goodwill arising from consolidation taken to income statements	(13,557)
Cost of business combination	16,782

Total cost of business combination is as follows:-	
Consideration for acquisition:	
Issuance of 71,471,067 ordinary shares at $0.195 each	13,937
Directly attributable professional fees	2,845
	16,782
The effect of the acquisition on cash flow is as follows:	
Professional fees settled in cash	2,845
Less : Cash and cash equivalents in subsidiary acquired	(6,225)
Net cash inflow on acquisition	(3,380)

Initial Accounting of Acquisition Determined Provisionally
The initial accounting of the acquisition, involving identifying and determining the fair values to be assigned to the ETLA Limited and its subsidiaries identifiable assets, liabilities and contingent liabilities and the cost of the combination, has been determined provisionally. In accordance with FRS 103, the company has up to twelve months from date of acquisition to finalise the initial accounting.

1(d) Consolidated statement of comprehensive income

	3 months ended		9 months ended	
	30/09/09	30/09/08	30/09/09	30/09/08
	$'000	$'000	$ '000	$ '000
Statement of Comprehensive Income				
Net profit attributable to equity holders	(837)	4,935	12,639	13,375
Other comprehensive income for the period :				
Currency translation differences	421	(2,046)	867	(3,668)
Total comprehensive income for the period attributable to equity holders	(416)	2,889	13,506	9,707

1(e)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

(a) Statement of changes in equity for the quarter ended 30 September 2009 and 30 September 2008

	Attributable to equity holders of the Company					Total Equity
	Share Capital $ '000	Currency Translation Differences $ '000	Capital Reserve $ '000	Share Option Reserve $ '000	Retained Profits $ '000	$ '000
The Group						
At 1 July 2009	90,552	8,290	2,345	140	100,505	201,832
Total comprehensive income for the quarter	-	421	-	-	(837)	(416)
Employee share option scheme - value of employees services	-	-	-	60	-	60
At 30 September 2009	90,552	8,711	2,345	200	99,668	201,476
At 1 July 2008	76,615	12,621	2,345	-	86,634	178,215
Total comprehensive income for the quarter	-	(2,046)	-	-	4,935	2,889
At 30 September 2008	76,615	10,575	2,345	-	91,569	181,104

	Attributable to equity holders of the Company					Total Equity
	Share Capital $ '000	Currency Translation Differences $ '000	Capital Reserve $ '000	Share Option Reserve $ '000	Accumulated Losses $ '000	$ '000
The Company						
At 1 July 2009	90,552	-	-	140	(8,427)	82,265
Total comprehensive income for the quarter	-	-	-	-	4,710	4,710
Employee share option scheme - value of employees services	-	-	-	60	-	60
At 30 September 2009	90,552	-	-	200	(3,717)	87,035
At 1 July 2008	76,615	-	-	-	(7,569)	69,046
Total comprehensive income for the quarter	-	-	-	-	(16)	(16)
At 30 September 2008	76,615	-	-	-	(7,585)	69,030

(b) Statement of changes in equity for the nine months ended 30 September 2009 and 30 September 2008

The Group	Share Capital $ '000	Currency Translation Differences $ '000	Capital Reserve $ '000	Share Option Reserve $ '000	Retained Profits $ '000	Total Equity $ '000
	Attributable to equity holders of the Company					Total Equity
At 1 January 2009	76,615	7,844	2,345	14	92,879	179,697
Total comprehensive income for the financial period	-	867	-	-	12,639	13,506
Employee share option scheme - value of employees services	-	-	-	186	-	186
Issue of share capital	13,937	-	-	-	-	13,937
Dividend paid	-	-	-	-	(5,850)	(5,850)
At 30 September 2009	90,552	8,711	2,345	200	99,668	201,476
At 1 January 2008	76,615	14,243	2,345	-	85,111	178,314
Total comprehensive income for the financial period	-	(3,668)	-	-	13,375	9,707
Dividend paid	-	-	-	-	(6,917)	(6,917)
At 30 September 2008	76,615	10,575	2,345	-	91,569	181,104

The Company	Share Capital $ '000	Currency Translation Differences $ '000	Capital Reserve $ '000	Share Option Reserve $ '000	Accumulated Losses $ '000	Total Equity $ '000
	Attributable to equity holders of the Company					Total Equity
At 1 January 2009	76,615	-	-	14	(1,550)	75,079
Total comprehensive income for the financial period	-	-	-	-	3,683	3,683
Employee share option scheme - value of employees services	-	-	-	186	-	186
Issue of share capital	13,937	-	-	-		13,937
Dividend paid	-	-	-	-	(5,850)	(5,850)
At 30 September 2009	90,552	-	-	200	(3,717)	87,035
At 1 January 2008	76,615	-	-	-	(704)	75,911
Total comprehensive income for the financial period	-	-	-	-	36	36
Dividend paid	-	-	-	-	(6,917)	(6,917)
At 30 September 2008	76,615	-	-	-	(7,585)	69,030

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

Issued and paid up capital

There were no changes in the Company's share capital for the third quarter ended 30 September 2009.

Share options

On 1 December 2008, the Company granted 8,960,000 options pursuant to Frencken Group's Employee Share Option Scheme at exercise price of $0.155 per share ("2008 Options"). The 2008 Options are exercisable from 1 December 2010 and expire on 30 November 2018. As at 30 September 2009, there were 8,960,000 unissued shares of the Company under options in the 2008 Options.

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.

	Total number of issued shares as at	
	30/09/09	**31/12/08**
Number of issued shares	376,184,325	304,713,258
Number of treasury shares	-	-
Total number of issued shares excluding treasury shares	376,184,325	304,713,258

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 and 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 2009.

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		Group 9 months ended	
	30/09/09	**30/09/08**	**30/09/09**	**30/09/08**
Earnings per ordinary share of the Group based on net (loss)/ profit attributable to the shareholders of the Company:				
(i) Based on weighted average number of shares (in cents)	(0.22)	1.62	3.72	4.39
- Weighted average number of shares (in thousand)	376,184	304,713	340,056	304,713
(ii) On a fully diluted basis (in cents)	(0.22)	1.62	3.71	4.39
- Adjusted weighted average number of shares (in thousand)	377,641	304,713	340,376	304,713

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

Diluted earnings per share

There is no diluted earnings per share for the quarter ended 30 September 2009.

There were no potential dilutive ordinary shares in existence for the quarter and nine months ended 30 September 2008 and accordingly, no diluted earnings per share amount has been presented.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	30/09/09	**31/12/08**	**30/09/09**	**31/12/08**
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	53.56	58.97	23.14	24.64

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 30.09.2009 of 376,184,325 (31.12.2008 : 304,713,258).

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

In May 2009, the Group completed the acquisition of a 100% interest in ETLA Limited (ETLA) by way of a scheme of arrangement under section 210 of the Singapore Companies Act. As such, ETLA now operates as the Asian sub-division of the Group's Mechatronics Division and its financial performance has been consolidated in the Group's financial statements for the three months ended 30 September 2009 (3Q09).

Group Revenue

	1Q	2Q	3Q	q-o-q	9 months
FY2009 (S$ m)	38.8	40.8	58.6	43.7%	138.2
FY2008 (S$ m)	61.7	58.4	58.1	-0.5%	178.2
y-o-y	-37.2%	-30.1%	0.9%	-	-22.5%

The Group reported revenue of S$58.6 million in 3Q09, compared to S$58.1 million in 3Q08. This performance despite more difficult operating conditions is primarily attributable to the 3-month revenue contribution of S$16.2 million from ETLA in 3Q09. This also resulted in a sequential increase of 43.7% from the Group's revenue of S$40.8 million in 2Q09, which included only a single-month contribution from ETLA.

For the nine months ended 30 September 2009 (9M09), Group revenue decreased 22.5% year-on-year to S$138.2 million, from S$178.2 million in 9M08, due to the adverse impact of the global economic slowdown.

Revenue breakdown by Division

	3Q09		3Q08		y-o-y
	S$ m	%	S$ m	%	%
Mechatronics	45.9	78.3	38.1	65.6	20.4
EMS	12.7	21.7	20.0	34.4	(36.3)
Total	58.6	100.0	58.1	100.0	0.9

The Mechatronics Division posted revenue of S$45.9 million in 3Q09, which was an increase of 20.4% year-on-year from S$38.1 million in 3Q08, and a gain of 58.4% quarter-on-quarter from S$29.0 million in 2Q09. This was mainly due to the 3-month revenue contribution from ETLA for the period under review. As a result, the Mechatronics Division expanded its share of Group revenue to 78.3% in 3Q09, compared to revenue contributions of 65.6% and 71.0% in 3Q08 and 2Q09 respectively.

Revenue at the EMS Division decreased 36.3% year-on-year to S$12.7 million in 3Q09 due to weak demand in its customers' end-user markets. However on a sequential basis, the division's revenue showed an increase of 7.7% from S$11.8 million in 2Q09.

<u>Mechatronics Division</u>

Revenue breakdown by Business Segment

	3Q09	3Q08	y-o-y	2Q09	q-o-q	9M09	9M08	y-o-y
	S$ m	S$ m	%	S$ m	%	S$ m	S$ m	%
Semiconductor	7.8	5.6	38.0	3.5	121.3	13.7	25.4	(46.1)
Medical	14.4	18.0	(20.0)	9.7	48.5	37.9	51.4	(26.3)
Analytical	10.0	11.5	(12.9)	8.6	16.7	26.9	36.3	(25.7)
Industrial Automation	8.7	0.0	N.M.	3.2	172.5	11.9	0.0	N.M.
Others	5.0	3.0	66.4	4.0	25.0	11.9	10.0	19.1
Total	45.9	38.1	20.4	29.0	58.4	102.3	123.1	(16.8)

The Mechatronics Division's customers are mainly original equipment manufacturers in the high technology capital equipment sector, which has generally seen a slow recovery from the severe business downturn caused by the global financial crisis. However, while the 3Q 09 revenue increase is derived mainly from the additional 3-month sales contribution from ETLA, there are signs that businesses are gradually improving.

The semiconductor business segment recorded sales growth in 3Q09. This was due to an increase in orders from existing customers of the Europe operations and sales contribution from ETLA's semiconductor business. As a result, sales in 3Q09 for this business segment increased by 38.0% from 3Q08 and 121.3% from 2Q09 to S$7.8 million.

Sales at the medical business segment in 3Q09 were down 20% year-on-year to S$14.4 million due mainly to the end-of-life of an existing product for a key medical customer. On a quarter-on-quarter basis however, sales of this segment improved by 48.5% from S$9.7 million in 2Q09 due to higher sales to an existing customer.

Sales of the analytical business segment decreased 12.9% year-on-year to S$10.0 million in 3Q09 due to the slower market conditions. However, this was 16.7% higher quarter-on-quarter from S$8.6 million in 2Q09, which is mainly attributable to the inclusion of sales from ETLA's analytical business.

The Mechatronics Division recorded sales of S$5.0 million to customers in other business segments during 3Q09. This translated into increases of 66.4% year-on-year and 25.0% quarter-on-quarter, which were mainly due to the 3-month sales contribution from ETLA.

The new Industrial Automation business segment, which resulted from the acquisition of ETLA, registered revenue of S$8.7 million in 3Q09, mainly from sales of data storage and pharmaceutical packaging equipment. In 2Q09, the single-month sales contribution of this segment was S$3.2 million.

<u>EMS Division</u>

Revenue breakdown by Business Segment

	3Q09	3Q08	y-o-y	2Q09	q-o-q	9M09	9M08	y-o-y
	S$ m	S$ m	%	S$ m	%	S$ m	S$ m	%
Keypad / Telco	4.4	8.3	(46.1)	4.1	9.7	12.3	23.0	(46.5)
Office Automation	3.5	4.1	(15.5)	3.7	(6.3)	10.7	11.9	(10.0)
Automotive	4.1	4.7	(12.8)	3.1	34.0	9.8	11.2	(12.6)
Others	0.7	2.9	(76.8)	0.9	(31.1)	3.0	9.0	(66.8)
Total	12.7	20.0	(36.3)	11.8	7.7	35.8	55.1	(35.1)

The EMS Division in 3Q09 continued to be affected by the prevailing subdued end-user markets of its three main business segments.

Sales of the keypad/telco business segment decreased 46.1% year-on-year to S$4.4 million in 3Q09 as the Group continued to scale down its keypad production capacity due to the volatility and short visibility of this business.

For the automotive business segment, sales declined 12.8% year-on-year to S$4.1 million due to the weak car market in the USA, which is a key end-market for this segment's products. Compared to 2Q09 however, sales in 3Q09 improved by 34% due to additional orders from existing customers.

Sales of the office automation business segment of S$3.5 million in 3Q09 decreased 15.5% year-on-year and 6.3% quarter-on-quarter, from S$4.1 million in 3Q08 and S$3.7 million in 2Q09 respectively. This was due to continued delays in the commercial production of new industrialisation projects for a major customer.

Gross Profit

Group gross profit (GP) declined 41.9% to S$5.2 million in 3Q09, from S$8.9 million in 3Q08. Due to higher absorption of fixed overhead costs arising from lower capacity utilisation and variations in their respective sales mix, the GP margins of both the Mechatronics and EMS Divisions contracted in 3Q09. Together with pricing pressure for some product segments, this resulted in a narrowing of Group GP margin to 8.8%, compared with 15.3% in 3Q08. On a sequential basis however, the Group's GP margin in 3Q09 expanded from 6.5% in 2Q09 .

Other Gains

Other gains rose 38.0% to S$0.6 million, compared to S$0.4 million in 3Q08, due mainly to an increase in grants provided by the governments of The Netherlands and Singapore.

Operating expenses

Selling and distribution expenses increased 18.9% to S$1.4 million, from S$1.2 million in 3Q08, mainly attributable to the inclusion of S$0.4 million in selling and distribution costs from ETLA, which offset decreases in transport and forwarding charges, sales commissions and other marketing and promotion expenses.

Administrative and general expenses increased 55.0% to S$3.8 million in 3Q09, from S$2.5 million in 3Q08. This was mainly due to additional administrative and general costs of S$1.6 million from ETLA during the period under review.

The Group also incurred other operating expenses of S$1.0 million mainly arising from one-time costs related to the integration of its mechatronics operations in Malaysia, where it has consolidated its manufacturing facilities in Penang and Kuala Lumpur to a single plant in Bangi, Selangor. The consolidation exercise necessitated writing off installation and renovation costs at the mechatronics facilities in Penang. The Group also incurred relocation costs for the transfer of machinery from Penang to the new plant in Bangi.

Interest Income and Finance Costs

Interest income decreased to S$0.2 million in 3Q09, from S$0.4 million in 3Q08, primarily due to lower interest rates during the period. The Group also incurred finance costs of S$0.3 million, mainly due to the inclusion of interest charges on borrowings of ETLA during the period under review.

Taxation

Despite a loss before tax of S$0.4 million in 3Q09, the Group had an income tax expense of S$0.4 million, mainly due to taxation on its profitable subsidiaries in The Netherlands and China. In 3Q08, the Group's income tax expense was S$1.1 million.

Group Net Profit

As a result of the above factors, the Group reported a net loss of S$0.8 million in 3Q09, compared to a net profit of S$4.9 million in 3Q08.

For 9M09, the Group had a net profit of S$12.6 million, which includes a one-time negative goodwill of S$13.6 million arising from the acquisition of ETLA. Excluding the negative goodwill, the Group recorded a net loss of S$0.9 million for 9M09, compared to a net profit of S$13.4 million for 9M08.

Balance Sheet

With the consolidation of ETLA, the Group's total assets and shareholders' equity have increased to S$277.4 million and S$201.5 million respectively as at 30 September 2009, compared to S$212.9 million and S$179.7 million respectively at the end of FY2008.

Property, plant and equipment (PPE) increased to S$90.5 million as at 30 September 2009, from S$53.7 million at the end of FY2008. This was primarily due to the additional PPE of ETLA.

Cash and cash equivalents (inclusive of short-term funds of S$5.2 million placed with a Malaysian financial institution) increased to S$62.1 million at the end of 9M09, compared to S$45.8 million as at 31 December 2008.

As at 30 September 2009, the Group had inventories of S$54.2 million, compared to S$46.0 million at end-FY2008. The increase was mainly attributable to the inclusion of ETLA's inventories. If ETLA's inventories of S$16.1 million are excluded, inventories would have shown a decline to S$38.1 million, which is line with the lower sales of the mechatronics business in Europe.

Trade receivables as at 30 September 2009 increased to S$45.7 million from S$41.6 million at the end of December 2008, mainly due to the inclusion of ETLA's trade receivables. If ETLA's trade receivables of S$12.9 million are excluded, trade receivables would have shown a decline to S$32.8 million in line with lower sales.

Total borrowings as at 30 September 2009 increased to S$32.1 million, from S$0.2 million at the end of FY2008. This was due primarily to the inclusion of ETLA's outstanding borrowings, which amounted to S$31.7 million. Nonetheless, the Group maintained a net cash position of S$30.0 million at the end of the period under review.

Trade payables increased to S$27.4 million, from S$19.9 million as at 31 December 2008. This was due mainly to the inclusion of ETLA's outstanding trade payables of S$9.7 million. Excluding ETLA, trade payables would have shown a decline to S$17.7 million in line with lower purchases.

The Group's share capital increased by S$13.9 million to S$90.5 million, from S$76.6 million at the end of FY2008, due to the issue of 71,471,067 new shares at S$0.195 per share as consideration for the acquisition of ETLA.

Cash Flow Analysis

Net cash flow generated from operating activities increased to S$11.0 million in 3Q09, from S$5.5 million in 3Q08, despite a net loss during the period. This was mainly due to lower working capital requirements and income tax payment.

After accounting for cash used for investing activities of S$1.0 million and cash generated from financing activities of S$1.1 million, the Group ended the period with a net cash gain of S$11.1 million. When added to its opening cash and cash equivalents of S$45.6 million and accounting for the positive effect of the restatement of the opening cash denominated in foreign currencies of S$0.2 million, the ending cash balance of the Group increased to S$56.9 million.

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 3Q09 are in line with the business update that was announced on the SGXNet on 8 October 2009.

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.

While there are some indications of a recovery in end-user demand for high technology capital equipment and consumer electronics, the Group is maintaining a cautious stance as demand in the short-term is likely to remain volatile across the different sectors and industries in the global supply chain.

To further improve its competitive position as a global contract manufacturer, the Group is currently focusing on a number of strategic initiatives at its two core business divisions.

Mechatronics Division

The acquisition of ETLA in May 2009 has substantially increased the production capabilities and capacity of the Group's mechatronics operations through the addition of lower cost manufacturing bases in Singapore, Malaysia and China. Additionally, these facilities' close proximity to strategic Asian markets provides a platform for the division to better participate in the growth of the region's capital equipment markets.

To integrate and strengthen the operations of the Mechatronics Division, the Group is currently executing the following strategic initiatives:

- Accelerate and enhance design and development capability and capacity in Europe to utilise the enlarged manufacturing facilities in Asia;
- Strengthen New Product Introduction (NPI) team in Asia for smooth transfer of projects from customers in Europe and also within the Group;
- Explore sales expansion opportunities via strategic partnerships with existing and new customers by leveraging on the Group's capabilities from design to manufacturing and its enlarged geographical footprint;
- Strengthen overall manufacturing capability in Asia to capitalise on new opportunities in key and emerging markets; and
- Build up global sourcing, procurement and total supply chain – seek out best value components and strategic suppliers worldwide to enhance Group's overall competitiveness.

As part of these plans, the Group has already restructured its mechatronics operations in Malaysia by consolidating its production facilities in Penang and Kuala Lumpur to a new plant in Bangi, Selangor. To further improve operational and cost efficiencies, the bulk of the precision machining operations at the Singapore plant have also been transferred to the Bangi plant.

EMS Division

For the EMS Division, the Group will continue its long term strategy to build a more stable revenue base by increasing its focus on products with higher-value and longer life cycles in the office automation and automotive business segments. As such, the Group intends to implement the following strategic initiatives for this division:

- Due to the continued decline in revenue, the Group is reviewing to exit this product segment.
- Consolidate the plastics and electronics assembly companies into an integrated company to improve efficiency and reduce operating costs
- Realign the division's operations to better focus on the automotive and niche office automation industries and
- Explore geographical expansion of the automotive business into emerging and growth markets.

Summary

Backed by its sound financial position, the Group believes its current plans to strengthen the operations of both the Mechatronics and EMS Divisions will place it in a stronger competitive position to capitalise on the improving business conditions and enhance its long-term revenue potential.

11. Dividend
(a) Current Financial Period Reported on

Any dividend declared(recommended) for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

12. If no dividend has been declared/ recommended, a statement to that effect.

Not applicable.

PART 11- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Only applies to full year results

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Only applies to full year results

15. A breakdown of sales.

Only applies to full year results

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Only applies to full year results

17. Interested Person Transactions

Name of Interested Person	Aggregate value of all IPTs during the financial period under review (excluding transactions less than $100,000) 3 months ended	
	30/09/09 $'000	30/09/08 $'000
Not applicable	-	-

BY ORDER OF THE BOARD

Gooi Soon Hock
Executive Director
12-Nov-09

Confirmation by Directors Pursuant to Clause 705(4) of the Listing Manual of SGX-ST

We, Gooi Soon Hock and Sebastiaan Johannes van Sprang, 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 third quarter 2009 financial results to be false or misleading.

On behalf of the Board of Directors

(Signed)
Gooi Soon Hock
Executive Director

(Signed)
Sebastiaan Johannes van Sprang
Executive Director

Singapore, 12 November 2009