FRENCKEN GROUP LIMITED

(Registration No. 199905084D)

Unaudited First Quarter Financial Statements And Dividend Announcement

PART 1- INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended 31/03/10 $'000	3 months ended 31/03/09 $'000	% Change
Revenue	70,744	38,738	82.6%
Cost of sales	(61,009)	(35,984)	69.5%
Gross profit	9,735	2,754	253.5%
Other gains	787	523	50.5%
Selling and distribution expenses	(1,632)	(876)	86.3%
Administrative and general expenses	(3,757)	(2,153)	74.5%
Other operating expenses	(699)	(128)	446.1%
Interest income	215	234	-8.1%
Finance costs	(381)	(3)	12600.0%
Profit before income tax	4,268	351	1116.0%
Income tax expense	(1,224)	(229)	434.5%
Net profit attributable to equity holders	3,044	122	2395.1%

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

	Group		
	3 months ended 31/03/10 $'000	**3 months ended 31/03/09 $'000**	**% Change**
Profit for the period is arrived at after charging/(crediting) :-			
Investment income	-	-	-
Other income including interest income	(1,002)	(757)	32%
Interest on borrowings	381	3	12600%
Depreciation of property, plant and equipment	2,876	2,169	33%
(Write-back)/Allowance for doubtful debts and bad debts written off	-	12	N.M.
(Write back)/Allowance for inventory obsolescence	(32)	15	-313%
Impairment in value of investments	-	-	-
Foreign exchange (gain)/ loss -realised	294	82	259%
Foreign exchange (gain)/ loss -unrealised	264	(135)	296%
Adjustments for (over)/ under provision of tax in respect of prior years	115	32	259%
(Gain)/Loss on disposal of property, plant and equipment	(7)	(10)	-30%
Property, plant and equipment written off	3	1	200%
Exceptional items	-	-	-

N.M. : Not meaningful

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

	Group		Company	
	31/03/10	**31/12/09**	**31/03/10**	**31/12/09**
	$'000	**$'000**	**$'000**	**$'000**
NON-CURRENT ASSETS				
Property, plant and equipment	80,516	82,861	-	-
Investments in subsidiaries	-	-	73,200	73,068
Financial asset, available-for-sale	6,400	6,400	6,400	6,400
Goodwill arising on consolidation	10,358	10,358	-	-
Deferred income tax assets	1,347	1,673	-	-
	98,621	101,292	79,600	79,468
CURRENT ASSETS				
Inventories	71,524	55,513	-	-
Trade receivables	58,484	54,167	-	-
Receivables from subsidiaries	-	-	4,156	4,384
Dividends receivable from subsidiaries	-	-	3,667	3,878
Other receivables	6,739	3,141	7	13
Tax recoverable	88	273	-	-
Cash and cash equivalents	59,755	61,208	3,477	3,491
	196,590	174,302	11,307	11,766
Assets classified as held-for-sale	-	3,131	-	-
	196,590	177,433	11,307	11,766
Total assets	295,211	278,725	90,907	91,234
CURRENT LIABILITIES				
Trade payables	45,256	34,182	-	-
Other payables	14,121	14,426	449	248
Borrowings	25,772	19,490	-	-
Income tax payable	1,015	524	1	3
	86,164	68,622	450	251
NON CURRENT LIABILITIES				
Borrowings	12,390	12,805	-	-
Deferred income tax liabilities	1,875	2,010	-	-
	14,265	14,815	-	-
Total liabilities	100,429	83,437	450	251
NET ASSETS	194,782	195,288	90,457	90,983
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	90,552	90,552	90,552	90,552
Treasury shares	(230)	-	(230)	-
Foreign currency translation reserve	2,404	5,856	-	-
Capital reserve	2,345	2,345	-	-
Statutory reserve fund	237	156	-	-
Share option reserve	408	276	408	276
Retained profits / (Accumulated losses)	99,066	96,103	(273)	155
TOTAL EQUITY	194,782	195,288	90,457	90,983

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

Amount repayable in one year or less, or on demand

As at 31/03/10		As at 31/12/09	
Secured $'000	**Unsecured $'000**	**Secured $'000**	**Unsecured $'000**
1,462	24,310	1,482	18,008

Amount repayable after one year

As at 31/03/10		As at 31/12/09	
Secured $'000	**Unsecured $'000**	**Secured $'000**	**Unsecured $'000**
12,305	85	12,673	132

Details of any collateral

The secured borrowings of the Group as at 31 March 2010 and 31 December 2009 comprise building loans and finance lease liabilities and are secured by certain leasehold properties, equipment and motor vehicles of the Group.

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

	Group	
	3 months ended 31/03/10 $ '000	**3 months ended 31/03/09 $ '000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Total profit	3,044	122
Adjustments for:		
Income tax expense	1,224	229
Exchange differences	120	55
Employee share option expense	132	66
Depreciation of property, plant and equipment	2,876	2,169
Gain on disposal of property, plant and equipment	(7)	(10)
Property, plant and equipment written off	3	1
Interest income	(215)	(234)
Interest expense	381	3
Operating cash flow before working capital changes	7,558	2,401
Changes in operating assets and liabilities :		
Inventories	(17,268)	725
Receivables	(5,646)	5,803
Payables	11,366	(4,911)
Cash flows (used in)/generated from operations	(3,990)	4,018
Tax paid	(536)	(424)
Tax refunded	203	-
Interest paid	(381)	(3)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(4,704)	3,591
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	215	234
Purchase of property, plant and equipment **(Note 1)**	(675)	(754)
Proceeds from disposal of property, plant and equipment	32	27
NET CASH USED IN INVESTING ACTIVITIES	(428)	(493)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury shares	(230)	-
Repayment of finance lease liabilities	(135)	(38)
Repayment of short term borrowings	(10,256)	-
Repayment of term loans	(499)	-
Proceeds from short term borrowings	16,759	-
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	5,639	(38)
Net increase in cash and cash equivalents	507	3,060
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	61,208	45,785
Effect of exchange rate changes on cash and cash equivalents	(1,960)	(741)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	59,755	48,104

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

	Group	
	3 months ended 31/03/10 $ '000	**3 months ended 31/03/09 $ '000**
Cash and cash equivalents at end of the financial period comprise:		
Short term fund placed with a Malaysian financial institution	5,366	5,280
Deposits with licensed banks	5,926	14,714
Cash and bank balances	48,463	28,110
Bank overdrafts	-	-
	59,755	48,104

Note 1 :

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of $890,000 (31.03.2009: $985,000) of which $Nil (31.03.2009: $27,000) was acquired by means of finance lease arrangement and $215,000 (31.03.2009: $204,000) included in other payables at balance sheet date. Cash payments of $675,000 (31.03.2009: $754,000) were made to purchase these property, plant and equipment.

1(d) Consolidated statement of comprehensive income for the first quarter ended 31 March 2010

	3 months ended 31/03/10 $'000	**3 months ended 31/03/09 $'000**	**% Change**
<u>Statement of Comprehensive Income</u>			
Net profit attributable to equity holders	3,044	122	2395.1%
Other comprehensive income for the period :			
Currency translation differences	(3,452)	(2,576)	34.0%
Total comprehensive expense for the period attributable to equity holders	(408)	(2,454)	-83.4%

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

(a) Statement of changes in equity for the quarter ended 31 March 2010 and 31 March 2009

	Attributable to equity holders of the Company							Total Equity
The Group	**Share Capital $ '000**	**Treasury Shares $ '000**	**Currency Translation Differences $ '000**	**Capital Reserve $ '000**	**Statutory Reserve Fund $ '000**	**Share Option Reserve $ '000**	**Retained Profits $ '000**	**$ '000**
At 1 January 2010	90,552	-	5,856	2,345	156	276	96,103	195,288
Total comprehensive (expense)/ income for the quarter	-	-	(3,452)	-	-	-	3,044	(408)
Purchase of treasury shares	-	(230)	-	-	-	-	-	(230)
Transfer to statutory reserve fund	-	-	-	-	81	-	(81)	-
Employee share option scheme - value of employee services	-	-	-	-	-	132	-	132
At 31 March 2010	90,552	(230)	2,404	2,345	237	408	99,066	194,782
At 1 January 2009	76,615	-	7,844	2,345	-	14	92,879	179,697
Total comprehensive (expense)/ income for the quarter	-	-	(2,576)	-	-	-	122	(2,454)
Employee share option scheme - value of employee services	-	-	-	-	-	66	-	66
At 31 March 2009	76,615	-	5,268	2,345	-	80	93,001	177,309

	Attributable to equity holders of the Company							Total Equity
The Company	**Share Capital $ '000**	**Treasury Shares $ '000**	**Currency Translation Differences $ '000**	**Capital Reserve $ '000**	**Statutory Reserve Fund $ '000**	**Share Option Reserve $ '000**	**Retained Profits / (Accumulated Losses) $ '000**	**$ '000**
At 1 January 2010	90,552	-	-	-	-	276	155	90,983
Total comprehensive expense for the quarter	-	-	-	-	-	-	(428)	(428)
Purchase of treasury shares	-	(230)	-	-	-	-	-	(230)
Employee share option scheme - value of employee services	-	-	-	-	-	132	-	132
At 31 March 2010	90,552	(230)	-	-	-	408	(273)	90,457
At 1 January 2009	76,615	-	-	-	-	14	(1,550)	75,079
Total comprehensive expense for the quarter	-	-	-	-	-	-	(255)	(255)
Employee share option scheme - value of employee services	-	-	-	-	-	66	-	66
At 31 March 2009	76,615	-	-	-	-	80	(1,805)	74,890

1(e)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Issued and paid up capital

During the quarter, the Company exercised its share buy-back mandate and bought back 930,000 ordinary shares from the market. Total number of ordinary shares bought back as at 31 March 2010 amounted to 930,000. These are held as treasury shares.

	Total number of issued shares as at	
	31/03/10	**31/12/09**
Number of issued shares	376,184,325	376,184,325
Number of treasury shares	(930,000)	-
Total number of issued shares excluding treasury shares	375,254,325	376,184,325

Share options

The movement of share options of the Company during the period from 1 January 2010 to 31 March 2010 is as follows:

Date of grant	Number of ordinary shares under option					Exercise price	Exercise period
	As at 1.1.2010	Granted during the period	Forfeited during the period	Exercised during the period	As at 31.3.2010		
1.12.2008 (2008 Option)	8,680,000	0	(70,000)	0	8,610,000	$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	8,880,000	0	(80,000)	0	8,800,000	$0.168	1.12.2011 - 30.11.2019
	17,560,000	0	(150,000)	0	17,410,000		

1(e)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at	
	31/03/10	**31/12/09**
Total number of issued shares excluding treasury shares	375,254,325	376,184,325

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

Not applicable.

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

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

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

Not applicable.

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

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recent audited financial statements as well as all the applicable new/revised Financial Reporting Standards (FRS) and FRS interpretations which became effective for the financial years beginning on or after 1 January 2010.

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

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

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

	Group	
	3 months ended 31/03/10	**3 months ended 31/03/09**
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)	0.81	0.04
- Weighted average number of shares (in thousand)	376,167	304,713
(ii) On a fully diluted basis (in cents)	0.80	0.04
- Adjusted weighted average number of shares (in thousand)	378,348	304,713

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

<u>Diluted earnings per share</u>

There is no diluted earnings per share for the period ended 31 March 2009 as the average market price of the ordinary shares of the Company for the period was below the exercise price of the options granted.

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

	Group		Company	
	31/03/10	**31/12/09**	**31/03/10**	**31/12/09**
Net asset value per ordinary share based on issued share capital at the end of financial period (cents)	51.91	51.91	24.11	24.19

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 31.03.2010 of 375,254,325 (31.12.2009 : 376,184,325).

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.

Frencken Group is a global high-tech capital and consumer equipment service provider that has two main business divisions. The Mechatronics Division provides 'One-Stop' solutions for the design, development and production of complex, high precision industrial machinery and capital equipment for global Original Equipment Manufacturers from the medical, semiconductor, analytical and industrial automation industries. The EMS Division offers integrated contract design and manufacturing services of automotive, office automation and other consumer products to a global customer base.

Key corporate developments

The Group completed two key corporate developments in the preceding 12 months that are relevant in the comparison of its financial performance for the three months ended 31 March 2010 (1Q10), against the corresponding period in the previous year.

1) 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. ETLA currently operates as the Asian sub-division of the Group's Mechatronics Division and its financial performance was consolidated in the Group's financial statements from 1 June 2009.

2) In January 2010, the Group announced the sale of certain assets related to the keypad product segment of its EMS Division. This was in line with the Group's long term strategy to fully focus the EMS Division's operations and resources on products with higher-value and longer life cycles in the niche office automation and automotive business segments. Accordingly, production of the keypad segment was discontinued from February 2010.

Income Statement

Group Revenue

	1Q	2Q	3Q	4Q	Full Year
FY2010 (S$ m)	70.7	-	-	-	-
FY2009 (S$ m)	38.7	40.8	58.7	68.7	206.9
y-o-y (%)	82.6	-	-	-	-

Group revenue increased 82.6% year-on-year (yoy) to S$70.7 million in 1Q10, from S$38.7 million in 1Q09, as a result of recovering market conditions in the global technology sector. The Group's better financial performance in 1Q10 was due primarily to improving order flows from its customers in the semiconductor, office automation and automotive business segments as well as the revenue contribution of S$22.0 million from ETLA during this three month period.

Despite the first quarter of the financial year being generally a seasonally slower period for the technology industry, Group revenue in 1Q10 recorded an increase of 3.0% quarter-on-quarter (qoq), from S$68.7 million in 4Q09.

Revenue breakdown by Division

	1Q10		1Q09		y-o-y
	S$ m	%	S$ m	%	%
Mechatronics	53.5	75.7	27.5	71.0	94.8
EMS	17.2	24.3	11.2	29.0	52.9
Total	70.7	100.0	38.7	100.0	82.6

Revenue at the Mechatronics Division increased 94.8% yoy to S$53.5 million in 1Q10, from S$27.5 million in 1Q09, due mainly to the robust recovery of the semiconductor segment and the three month contribution from ETLA. As a result of its expanded scale of operations, the Mechatronics Division increased its share of Group revenue to 75.7% in 1Q10, compared to 71.0% in 1Q09.

Revenue at the EMS Division increased 52.9% to S$17.2 million in 1Q10, from S$11.2 million in 1Q09, due mainly to improved sales of the office automation and automotive segments. The EMS Division accounted for 24.3% of Group revenue in 1Q10.

Mechatronics Division

Revenue breakdown by Business Segment

	1Q10	1Q09	y-o-y	4Q09	q-o-q
	S$ m	S$ m	%	S$ m	%
Semiconductor	16.8	2.4	604.6	10.1	66.2
Medical	12.5	13.8	(9.1)	16.0	(21.6)
Analytical	10.2	8.3	22.4	11.0	(7.0)
Industrial Automation	8.5	0.0	N.M.	10.1	(15.8)
Others	5.5	3.0	85.5	6.5	(15.0)
Total	53.5	27.5	94.8	53.7	(0.2)

The semiconductor business segment recorded strong revenue growth of over 600% yoy to S$16.8 million in 1Q10 as the Group benefited from the sustained momentum of the semiconductor sector's recovery during the period.

In addition, the improving order flows from existing customers at both the Europe and Asia operations enabled the semiconductor business segment to achieve its fourth consecutive quarter of sales growth in 1Q10 with a gain of 66.2% qoq from S$10.1 million in 4Q09. As a result, the semiconductor business segment saw its share of the Mechatronics Division's revenue increase to 31.3% in 1Q10, compared to 8.7% in 1Q09 and 18.8% in 4Q09.

Sales at the medical business segment in 1Q10 were softer by 9.1% yoy to S$12.5 million from S$13.8 million in 1Q09, and down 21.6% qoq from S$16.0 million in 4Q09. This was due primarily to slower sales to a key medical customer at the beginning of the quarter under review.

The analytical business segment registered a sales increase of 22.4% yoy to S$10.2 million. This was attributable to the three month contribution from ETLA, which offset a sales decline in Europe caused by lower outsourcing orders of an existing analytical customer. On a sequential basis, sales of this business segment dipped 7.0% from S$11.0 million in 4Q09.

The new Industrial Automation business segment, which was the result of the acquisition of ETLA, recorded revenue of S$8.5 million in 1Q10 mainly from sales of automated production equipment for data storage products as well as automated packaging equipment for the pharmaceutical industry. Compared to sales of S$10.1 million in the preceding quarter of 4Q09, sales of this business segment decreased 15.8% qoq due to the shorter number of working days in February 2010 as well as a shipment in transit at the end of the quarter.

Revenue from customers in other business segments increased 85.5% yoy to S$5.5 million in 1Q10 due mainly to the contribution from ETLA. However, revenue during this period declined 15.0% qoq, from S$6.5 million in 4Q09, due to slower sales at both the Europe and Asia operations.

EMS Division

Revenue breakdown by Business Segment

	1Q10	1Q09	y-o-y	4Q09	q-o-q
	S$ m	S$ m	%	S$ m	%
Keypad/Telco	2.5	3.8	(33.3)	3.7	(32.5)
Office Automation	9.2	3.5	158.9	4.7	93.2
Automotive	4.6	2.5	80.6	4.8	(2.8)
Others	0.9	1.4	(33.5)	1.8	(50.2)
Total	17.2	11.2	52.9	15.0	14.2

The EMS Division continued to benefit from strong sales to customers in the office automation and automotive business segments during 1Q10, which offset the decline in revenue from its keypad segment during the period.

The office automation business segment registered strong sales of S$9.2 million in 1Q10. This translated into increases of 158.9% yoy and 93.2% qoq from S$3.5 million in 1Q09 and S$4.7 million in 4Q09 respectively and was mainly due to the ramp up in production of a project for an existing customer. As a result, the office automation business segment accounted for a 53.1% share of the EMS Division's revenue in 1Q10.

Sales of the automotive business segment recovered on the back of improved orders from existing customers to record growth of 80.6% yoy to S$4.6 million in 1Q10, from S$2.5 million in 1Q09. On a sequential basis, sales of this business segment softened marginally from S$4.8 million in 4Q09 due to the traditionally softer first quarter of each year.

Sales of the Keypad/Telco business segment declined 33.3% yoy to S$2.5 million in 1Q10 following a strategic decision to cease the keypad business from February 2010.

Gross Profit

The Group's gross profit (GP) increased 253.5% to S$9.7 million in 1Q10, from S$2.8 million in 1Q09, due to the increase in Group sales and contribution of ETLA for the quarter under review. As a result, both the Mechatronics and EMS Divisions witnessed improvements in their respective capacity utilization rates which enabled the Group to register a higher overall GP margin of 13.8% in 1Q10, compared to 7.1% in 1Q09 and 11.3% in 4Q09.

Other Gains

Other gains rose 50.5% to S$0.8 million in 1Q10, compared to S$0.5 million in 1Q09, attributable mainly to an increase in grants provided by the government of The Netherlands and the Job Credit Scheme in Singapore, as well as higher sales of scrap during the period under review.

Operating expenses

Selling and distribution expenses increased 86.3% to S$1.6 million in 1Q10, from S$0.9 million in 1Q09. This was due mainly to the inclusion of S$0.5 million in selling and distribution costs from ETLA, as well as increased sales & marketing expenses in tandem with higher sales activities during 1Q10.

Administrative and general expenses increased 74.5% to S$3.8 million in 1Q10, from S$2.2 million in 1Q09, due mainly to additional administrative and general costs from ETLA of S$1.7 million during the period under review.

Other operating expenses was higher at S$0.7 million in 1Q10, compared to S$0.1 million in 1Q09. This was due mainly to an increase of S$0.4 million in foreign exchange loss as a result of the depreciation of the Euro and US Dollar vis-à-vis the Malaysian Ringgit and Singapore Dollar.

Finance Costs

Finance costs increased to S$0.4 million in 1Q10, due mainly to the inclusion of interest charges on borrowings of ETLA.

Taxation

Income tax expense increased to S$1.2 million in 1Q10, compared to S$0.2 million in 1Q09, due mainly to higher taxable profits during the period under review.

Group Net Profit

As a result of the above factors, the Group reported a sharp increase in net profit to S$3.0 million in 1Q10, compared to S$0.1 million in 1Q09.

Balance Sheet

The Group remained in a net cash position as at 31 March 2010, with cash and cash equivalents of S$59.8 million, compared to S$61.2 million as at 31 December 2009. Shareholders' equity stood at S$194.8 million, compared to S$195.3 million at the end of FY2009.

Total assets increased to S$295.2 million as at 31 March 2010, from S$278.7 million as at 31 December 2009, due mainly to increases in inventories and trade receivables.

The Group increased its inventories to S$71.5 million at the end of 1Q10, compared to S$55.5 million at the end of FY2009, in order to fulfill the higher level of customer orders. Trade receivables increased to S$58.5 million, from S$54.2 million as at 31 December 2009, which is in line with higher sales of the Group during 1Q10.

As at 31 March 2010, total borrowings increased to S$38.2 million, from S$32.3 million at the end FY2009, attributable primarily to ETLA's trade borrowings for additional working capital needs. Nonetheless, the Group remained in a net cash position of S$21.6 million at the end of the period.

Trade payables increased to S$45.3 million, from S$34.2 million as at 31 December 2009, due to an increase in purchases of raw materials to meet the higher level of business activity.

Cash Flow Analysis

The Group used net cash of S$4.7 million for operating activities in 1Q10, compared to net cash of S$3.6 million that was generated in 1Q09. This was due mainly to additional working capital requirements in tandem with the increase in business activity during the quarter under review.

Net cash used in investing activities during 1Q10 was S$0.4 million, which was mainly for capital expenditure. Net cash generated by financing activities amounted to S$5.6 million due mainly to net proceeds of S$6.5 million related to short-term borrowings, which were offset by repayments of S$0.7 million for term loan and hire purchase, as well as purchases of treasury shares amounting to S$0.2 million.

As a result of the above, the Group ended the period with a net gain in cash and cash equivalents of S$0.5 million. When added to its opening cash and cash equivalents of S$61.2 million and accounting for the negative effect of the restatement of the opening cash denominated in foreign currencies of S$1.9 million, the Group had an ending cash balance of S$59.8 million as at 31 March 2010.

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 1Q10 are in line with guidance provided in its Full Year Financial Statements and Dividend Announcement posted on the SGXNet on 25 February 2010.

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.

With the recovery in end-user demand for high technology capital and consumer equipment, the outlook for the global technology sector in 2010 has improved substantially. This has resulted in an improvement in business conditions for original equipment manufacturers, which are the main customers of the Group.

Mechatronics Division

The Mechatronics Division continues to benefit from the recovery of the global capital equipment market with increased order intake from customers at both its Europe and Asia operations.

In addition, the division's enlarged operations, following the Group's acquisition of ETLA in May 2009, is generating increased interest from existing and potential customers to explore new business opportunities.

As a result, the Group continues to witness an increasing trend in new projects and order forecasts from its customers.

To capitalize on the rapidly growing market for capital equipment in China, the Group will be expanding its mechatronics facility in Wuxi with the capacity expansion scheduled for completion in 1Q11.

Barring any unforeseen circumstances, the Group expects the Mechatronics Division to report an improved performance for FY2010.

EMS Division

Following the Group's strategic decision to discontinue the keypad business from February 2010, the EMS Division has been realigning its operations and resources to better support its focus on the growing automotive and niche office automation business segments.

On 1 May 2010, the EMS Division completed the consolidation of its three manufacturing companies in Penang into a single integrated EMS entity. This is expected to improve the division's overall efficiency and reduce operating costs.

The division is also actively exploring geographical expansion of its automotive business into China to capitalize on the positive prospects of the market there.

While the Group currently does not expect the sales from the office automation and automotive business segments to fully offset the loss of sales from the keypad segment in FY2010, the EMS Division is continuing to make good progress in securing new projects for office automation and automotive products. These new projects are scheduled to be progressively launched in FY2010 and FY2011, and expected to provide a stable and growing revenue base for the division in subsequent years.

11. Dividend
(a) Current Financial Period Reported on

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

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

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

Not applicable.

PART 11- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Only applies to full year results

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

Only applies to full year results

15. A breakdown of sales.

Only applies to full year results

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

Only applies to full year results

17. Interested Person Transactions

Name of Interested Person	Aggregate value of all IPTs during the financial period under review (excluding transactions less than $100,000) 3 months ended 31/3/10	31/3/09
Not applicable	-	-

BY ORDER OF THE BOARD

Gooi Soon Hock
Executive Director
13-May-10

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

We, Gooi Soon Hock and Hendrik Gezinus Tappel, being two directors of Frencken Group Limited ("the Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first quarter 2010 financial results to be false or misleading.

On behalf of the Board of Directors

(Signed)	*(Signed)*
Gooi Soon Hock	Hendrik Gezinus Tappel
Executive Director	Executive Director

Singapore, 13 May 2010