



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		
	30/09/10 \$'000	30/09/09 \$'000	% Change	30/09/10 \$'000	30/09/09 \$'000	% Change
Revenue	81,062	58,658	38.2%	254,594	138,214	84.2%
Cost of sales	(71,088)	(53,495)	32.9%	(221,321)	(127,651)	73.4%
Gross profit	9,974	5,163	93.2%	33,273	10,563	215.0%
Other gains	575	606	-5.1%	2,146	1,919	11.8%
Selling and distribution expenses	(1,739)	(1,411)	23.2%	(5,382)	(3,345)	60.9%
Administrative and general expenses	(4,341)	(3,818)	13.7%	(12,526)	(8,579)	46.0%
Other operating expenses	(515)	(978)	-47.3%	(1,856)	(1,188)	56.2%
Interest income	83	206	-59.7%	416	570	-27.0%
Finance costs	(201)	(301)	-33.2%	(1,079)	(412)	161.9%
Profit/(Loss) before negative goodwill and income tax	3,836	(533)	N.M.	14,992	(472)	N.M.
Negative goodwill *	-	131	N.M.	-	13,557	N.M.
Profit/(Loss) before income tax	3,836	(402)	N.M.	14,992	13,085	14.6%
Income tax expense	(808)	(435)	85.7%	(3,150)	(446)	606.3%
Net profit/(loss) attributable to equity holders	3,028	(837)	N.M.	11,842	12,639	-6.3%
Analysis of Net Profit						
Profit/(Loss) before negative goodwill and income tax	3,836	(533)	N.M.	14,992	(472)	N.M.
Income tax expense	(808)	(435)	85.7%	(3,150)	(446)	606.3%
Net profit/(loss) before negative goodwill attributable to	3,028	(968)	N.M.	11,842	(918)	N.M.
Negative goodwill *	-	131	N.M.	-	13,557	N.M.
Net profit/(loss) attributable to equity holders	3,028	(837)	N.M.	11,842	12,639	-6.3%

* This negative goodwill arose from the acquisition of ETLA Limited in May 2009 was recognised as a gain in the income statement in accordance with FRS 103 for Business Combinations. This provisional gain was 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		
	30/09/10	30/09/09	%	30/09/10	30/09/09	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Profit for the period is arrived at after charging/(crediting) :-						
Investment income	-	-	-	-	-	-
Other income including interest income	(658)	(812)	-19.0%	(2,562)	(2,489)	2.9%
Interest on borrowings	201	301	-33.2%	1,079	412	161.9%
Depreciation of property, plant and equipment	2,818	3,317	-15.0%	8,533	8,011	6.5%
(Write-back)/Allowance for doubtful debts and bad debts written off	-	(11)	N.M.	220	1	21900.0%
(Write back)/Allowance for inventory obsolescence	410	648	-36.7%	885	610	45.1%
Impairment in value of investments	-	-	-	-	-	-
Foreign exchange (gain)/ loss -realised	254	(49)	N.M.	1,320	227	481.5%
Foreign exchange (gain)/ loss -unrealised	216	183	18.0%	370	(316)	N.M.
Adjustments for (over)/ under provision of tax in respect of prior years	(32)	(24)	33.3%	83	44	88.6%
(Gain)/Loss on disposal of property, plant and equipment	(24)	9	N.M.	(111)	(1)	11000.0%
Property, plant and equipment written off	-	414	N.M.	3	427	-99.3%
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	
	30/09/10 \$'000	31/12/09 \$'000	30/09/10 \$'000	31/12/09 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	81,772	82,861	-	-
Investments in subsidiaries	-	-	73,457	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	522	1,673	-	-
	<u>99,052</u>	<u>101,292</u>	<u>79,857</u>	<u>79,468</u>
CURRENT ASSETS				
Inventories	74,904	55,513	-	-
Trade receivables	63,850	54,167	-	-
Receivable from subsidiaries	-	-	3,956	4,384
Dividends receivable from subsidiaries	-	-	-	3,878
Other receivables	6,649	3,141	5	13
Tax recoverable	122	273	-	-
Cash and cash equivalents	48,794	61,208	17,680	3,491
	<u>194,319</u>	<u>174,302</u>	<u>21,641</u>	<u>11,766</u>
Assets classified as held-for-sale	-	3,131	-	-
	<u>194,319</u>	<u>177,433</u>	<u>21,641</u>	<u>11,766</u>
Total assets	<u>293,371</u>	<u>278,725</u>	<u>101,498</u>	<u>91,234</u>
CURRENT LIABILITIES				
Trade payables	43,921	34,182	-	-
Other payables	16,572	14,426	301	248
Borrowings	26,243	19,490	-	-
Income tax payable	976	524	2	3
	<u>87,712</u>	<u>68,622</u>	<u>303</u>	<u>251</u>
NON CURRENT LIABILITIES				
Borrowings	11,547	12,805	-	-
Deferred income tax liabilities	721	2,010	-	-
	<u>12,268</u>	<u>14,815</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>99,980</u>	<u>83,437</u>	<u>303</u>	<u>251</u>
NET ASSETS	<u>193,391</u>	<u>195,288</u>	<u>101,195</u>	<u>90,983</u>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	90,552	90,552	90,552	90,552
Treasury shares	(2,544)	-	(2,544)	-
Foreign currency translation reserve	(2,953)	5,856	-	-
Capital reserve	2,345	2,345	-	-
Statutory reserve fund	550	156	-	-
Share option reserve	666	276	666	276
Retained profits	104,775	96,103	12,521	155
TOTAL EQUITY	<u>193,391</u>	<u>195,288</u>	<u>101,195</u>	<u>90,983</u>

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

Amount repayable in one year or less, or on demand

As at 30/09/10	
Secured	Unsecured
\$'000	\$'000
1,522	24,721

As at 31/12/09	
Secured	Unsecured
\$'000	\$'000
1,482	18,008

Amount repayable after one year

As at 30/09/10	
Secured	Unsecured
\$'000	\$'000
11,547	-

As at 31/12/09	
Secured	Unsecured
\$'000	\$'000
12,673	132

Details of any collateral

The secured borrowings of the Group as at 30 September 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		Group	
	3 months ended 30/09/10	30/09/09	30/09/10	30/09/09
	\$ '000	\$ '000	\$ '000	\$ '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Total profit	3,028	(837)	11,842	12,639
Adjustments for:				
Income tax expense	808	435	3,150	446
Exchange differences	(250)	249	(110)	105
Employee share option expense	131	60	390	186
Depreciation of property, plant and equipment	2,818	3,317	8,533	8,011
(Gain)/Loss on disposal of property, plant and equipment	(24)	9	(111)	(1)
Property, plant and equipment written off	-	414	3	427
Interest income	(83)	(206)	(416)	(570)
Interest expense	201	301	1,079	412
Negative goodwill arising from acquisition	-	(131)	-	(13,557)
Operating cash flow before working capital changes	6,629	3,611	24,360	8,098
Changes in operating assets and liabilities :				
Inventories	(6,696)	3,381	(22,585)	6,942
Receivables	12,231	(141)	(12,143)	7,639
Payables	(7,505)	4,589	13,098	(2,107)
Cash flows generated from operations	4,659	11,440	2,730	20,572
Tax paid	(955)	(154)	(2,835)	(1,275)
Tax refunded	-	-	206	383
Interest paid	(201)	(301)	(1,079)	(412)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	3,503	10,985	(978)	19,268
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	83	206	416	570
Purchase of property, plant and equipment (Note 1)	(3,731)	(804)	(6,885)	(3,309)
Proceeds from disposal of property, plant and equipment	35	47	149	74
Acquisition of a subsidiary, net of cash acquired (Note 2)	-	(369)	-	3,380
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(3,613)	(920)	(6,320)	715
CASH FLOWS FROM FINANCING ACTIVITIES				
Purchase of treasury shares	(542)	-	(2,544)	-
Repayment of finance lease liabilities	(125)	(637)	(325)	(989)
Repayment of short term borrowings	(33,686)	(5,889)	(60,533)	(10,034)
Repayment of term loans	(507)	(373)	(1,508)	(497)
Proceeds from short term borrowings	27,817	6,628	67,312	9,871
Proceeds from term loans	-	1,333	-	3,627
Dividend paid to shareholders	-	-	(2,776)	(5,850)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	(7,043)	1,062	(374)	(3,872)
Net increase/(decrease) in cash and cash equivalents	(7,153)	11,127	(7,672)	16,111
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD / YEAR	55,452	50,915	61,208	45,785
Effect of exchange rate changes on cash and cash equivalents	16	67	(5,221)	213
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	48,315	62,109	48,315	62,109

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		1H ended	
	30/09/10	30/09/09	30/09/10	30/09/09
	\$ '000	\$ '000	\$ '000	\$ '000
Cash and cash equivalents at end of the financial period comprise:				
Short term fund placed with a Malaysian financial institution	5,496	5,257	5,496	5,257
Deposits with licensed banks	25,182	47,500	25,182	47,500
Cash and bank balances	18,116	9,352	18,116	9,352
Bank overdrafts	(479)	-	(479)	-
	<u>48,315</u>	<u>62,109</u>	<u>48,315</u>	<u>62,109</u>

Note 1 :

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$7,709,000 (30.09.2009: \$4,713,000) of which \$Nil (30.09.2009: \$53,000) was acquired by means of finance lease arrangement and \$824,000 (30.09.2009: \$1,351,000) included in other payables at balance sheet date. Cash payments of \$6,885,000 (30.09.2009: \$3,309,000) 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:

	30/09/09
	\$ '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	<u>30,339</u>
Negative goodwill arising from consolidation taken to income statements	(13,557)
Cost of business combination	<u>16,782</u>

Total cost of business combination was as follows:-

Consideration for acquisition:	
Issuance of 71,471,067 ordinary shares at \$0.195 each	13,937
Directly attributable professional fees	2,845
	<u>16,782</u>

The effect of the acquisition on cash flow was as follows:

Professional fees settled in cash	2,845
Less : Cash and cash equivalents in subsidiary acquired	(6,225)
Net cash inflow on acquisition	<u>(3,380)</u>

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	
	30/09/10	30/09/09	30/09/10	30/09/09
	\$'000	\$'000	\$ '000	\$ '000
<u>Statement of Comprehensive Income</u>				
Net profit attributable to equity holders	3,028	(837)	11,842	12,639
Other comprehensive income for the period :				
Currency translation differences	(84)	421	(8,809)	867
Total comprehensive income for the period attributable to equity holders	<u>2,944</u>	<u>(416)</u>	<u>3,033</u>	<u>13,506</u>

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

(a) Statement of changes in equity for the quarter ended 30 September 2010 and 30 September 2009

	Attributable to equity holders of the Company							Total Equity
	Share Capital \$ '000	Treasury Shares \$ '000	Foreign Currency Translation Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Retained Profits \$ '000	\$ '000
The Group								
At 1 July 2010	90,552	(2,002)	(2,869)	2,345	456	535	101,841	190,858
Total comprehensive income for the quarter	-	-	(84)	-	-	-	3,028	2,944
Purchase of treasury shares	-	(542)	-	-	-	-	-	(542)
Transfer to statutory reserve fund	-	-	-	-	94	-	(94)	-
Employee share option scheme - value of employees services	-	-	-	-	-	131	-	131
Dividend paid	-	-	-	-	-	-	-	-
At 30 September 2010	<u>90,552</u>	<u>(2,544)</u>	<u>(2,953)</u>	<u>2,345</u>	<u>550</u>	<u>666</u>	<u>104,775</u>	<u>193,391</u>
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	<u>90,552</u>	<u>-</u>	<u>8,711</u>	<u>2,345</u>	<u>-</u>	<u>200</u>	<u>99,668</u>	<u>201,476</u>
	Attributable to equity holders of the Company							Total Equity
	Share Capital \$ '000	Treasury Shares \$ '000	Foreign Currency Translation Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Accumulated Losses \$ '000	\$ '000
The Company								
At 1 July 2010	90,552	(2,002)	-	-	-	535	(3,144)	85,941
Total comprehensive income for the quarter	-	-	-	-	-	-	15,665	15,665
Purchase of treasury shares	-	(542)	-	-	-	-	-	(542)
Employee share option scheme - value of employees services	-	-	-	-	-	131	-	131
At 30 September 2010	<u>90,552</u>	<u>(2,544)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>666</u>	<u>12,521</u>	<u>101,195</u>
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	<u>90,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>(3,717)</u>	<u>87,035</u>

(b) Statement of changes in equity for the nine months ended 30 September 2010 and 30 September 2009

	Attributable to equity holders of the Company							Total Equity
	Share Capital \$ '000	Treasury Shares \$ '000	Foreign Currency Translation Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Retained Profits \$ '000	\$ '000
The Group								
At 1 January 2010	90,552	-	5,856	2,345	156	276	96,103	195,288
Total comprehensive income for the financial period	-	-	(8,809)	-	-	-	11,842	3,033
Purchase of treasury share	-	(2,544)	-	-	-	-	-	(2,544)
Transfer to statutory reserve fund	-	-	-	-	394	-	(394)	-
Employee share option scheme - value of employees services	-	-	-	-	-	390	-	390
Dividend paid	-	-	-	-	-	-	(2,776)	(2,776)
At 30 September 2010	<u>90,552</u>	<u>(2,544)</u>	<u>(2,953)</u>	<u>2,345</u>	<u>550</u>	<u>666</u>	<u>104,775</u>	<u>193,391</u>
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	<u>90,552</u>	<u>-</u>	<u>8,711</u>	<u>2,345</u>	<u>-</u>	<u>200</u>	<u>99,668</u>	<u>201,476</u>
The Company								
	Attributable to equity holders of the Company							Total Equity
	Share Capital \$ '000	Treasury Shares \$ '000	Foreign Currency Translation Reserve \$ '000	Capital Reserve \$ '000	Statutory Reserve Fund \$ '000	Share Option Reserve \$ '000	Retained Profits/ (Accumulated Losses) \$ '000	\$ '000
The Company								
At 1 January 2010	90,552	-	-	-	-	276	155	90,983
Total comprehensive income for the financial period	-	-	-	-	-	-	15,142	15,142
Purchase of treasury shares	-	(2,544)	-	-	-	-	-	(2,544)
Employee share option scheme - value of employees services	-	-	-	-	-	390	-	390
Dividend paid	-	-	-	-	-	-	(2,776)	(2,776)
At 30 September 2010	<u>90,552</u>	<u>(2,544)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>666</u>	<u>12,521</u>	<u>101,195</u>
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	<u>90,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>(3,717)</u>	<u>87,035</u>

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 2,171,000 ordinary shares from the market. Total number of ordinary shares bought back as at 30 September 2010 amounted to 10,227,000. These are held as treasury shares.

	Total number of issued shares as at	
	30/09/10	31/12/09
Number of issued shares	376,184,325	376,184,325
Number of treasury shares	(10,227,000)	-
Total number of issued shares excluding treasury shares	<u>365,957,325</u>	<u>376,184,325</u>

Share options

The movement of share options of the Company during the period from 1 July 2010 to 30 September 2010 is as follows:

Date of grant	Number of ordinary shares under option					Exercise Price	Exercise period
	As at 1.7.2010	Granted during the period	Forfeited during the period	Exercised during the period	As at 30.09.2010		
1.12.2008 (2008 Option)	8,610,000	-	-	-	8,610,000	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	8,800,000	-	-	-	8,800,000	\$0.168	1.12.2011 - 30.11.2019
	<u>17,410,000</u>	-	-	-	<u>17,410,000</u>		

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

	Total number of issued shares as at	
	30/09/10	31/12/09
Total number of issued shares excluding treasury shares	<u>365,957,325</u>	<u>376,184,325</u>

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

Not applicable.

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

The figures have not been audited 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 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		Group 9 months ended	
	30/09/10	30/09/09	30/09/10	30/09/09
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)	0.83	(0.22)	3.18	3.72
- Weighted average number of shares (in thousand)	366,123	376,184	371,914	340,056
(ii) On a fully diluted basis (in cents)	0.81	(0.22)	3.14	3.71
- Adjusted weighted average number of shares (in thousand)	372,765	377,641	377,035	340,376

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

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	
	30/09/10	31/12/09	30/09/10	31/12/09
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	52.85	51.91	27.65	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 30.09.2010 of 365,957,325 (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 for automotive, office automation and other consumer products to a global customer base.

Key corporate developments

The Group completed two key corporate developments that are relevant in the comparison of its financial performance for the three month period ended 30 September 2010 (3Q10) and the nine month period ended 30 September 2010 (9M10), against the corresponding periods 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. Together, ETLA and Frencken Mechatronics (M) Sdn Bhd operate as the Asian operations of the Group's Mechatronics Division ("Mechatronics Asia"). As its financial performance was consolidated in the Group's financial statements from 1 June 2009, Mechatronics Asia recorded 4 months of revenue contribution to the Group in 9M09.

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. Production of the keypad segment was discontinued from February 2010 and hence, ceased to contribute revenue from 2Q10 onwards.

Income Statement

Group Revenue

	1Q	2Q	3Q	4Q	Full Year
FY2010 (S\$ m)	70.7	102.8	81.1	-	-
FY2009 (S\$ m)	38.8	40.8	58.6	68.7	206.9
y-o-y (%)	82.6	151.8	38.2	-	-

Group revenue in 3Q10 increased 38.2% year-on-year (yoy) to S\$81.1 million, from S\$58.6 million in 3Q09. The Group's better performance in 3Q10 was driven by increased sales from the Mechatronics Division which continued to benefit from improving market conditions in the high technology capital equipment industry, as well as improved sales of the EMS Division from its expanding range of products for existing customers.

On a sequential basis however, Group revenue declined 21.1% quarter-on-quarter (qoq) to S\$81.1 million in 3Q10, from S\$102.8 million in 2Q10, due mainly to the fact that the exceptional sales recorded by the industrial automation business segment during 2Q10 have since normalised.

As a result of the higher yoy sales registered during the first three quarters of 2010, Group revenue increased 84.2% to S\$254.6 million for 9M10, compared to S\$138.2 million in 9M09.

Revenue breakdown by Division

	3Q10		3Q09		y-o-y
	S\$ m	%	S\$ m	%	%
Mechatronics	65.5	80.7	45.9	78.3	42.5
- <i>Mechatronics Europe</i>	35.1	-	29.7	-	18.0
- <i>Mechatronics Asia</i>	30.4	-	16.2	-	87.5
EMS	15.6	19.3	12.7	21.7	22.6
Total	81.1	100.0	58.6	100.0	38.2

The Mechatronics Division recorded revenue growth of 42.5% to S\$65.5 million in 3Q10, from S\$45.9 million in 3Q09. This was driven mainly by the strong performance of Mechatronics Asia, which saw revenue increasing 87.5% yoy to S\$30.4 million from higher sales of the semiconductor, analytical and others business segments.

The Mechatronics Division also benefited from the better performance of its European operations ("Mechatronics Europe") which posted steady revenue growth of 18.0% yoy to S\$35.1 million during 3Q10 due primarily to increased sales of the semiconductor business segment.

The sales value of the Mechatronics Division in 3Q10 would have been higher if not for the substantial depreciation of the Euro against the Singapore Dollar during the period under review. In Euro currency, Mechatronics Europe posted revenue growth of approximately 43% yoy in 3Q10.

Due to its expanded scale of operations, revenue of the Mechatronics Division doubled to S\$205.3 million in 9M10, from S\$102.3 million in 9M09, and contributed a dominant 80.6% share of Group revenue, compared to 74.1% in the nine month period a year ago.

Revenue at the EMS Division increased 22.6% to S\$15.6 million in 3Q10, from S\$12.7 million in 3Q09, due to higher sales of the office automation and automotive business segments.

Mechatronics Division

Revenue breakdown by Business Segment

	3Q10	3Q09	y-o-y	9M10	9M09	y-o-y
	S\$ m	S\$ m	%	S\$ m	S\$ m	%
Semiconductor	21.9	7.8	182.1	59.6	13.7	335.8
Medical	13.5	14.4	(7.0)	39.4	37.9	3.9
Analytical	12.4	10.0	24.1	35.3	26.9	30.9
Industrial Automation	10.0	8.7	13.7	50.8	11.9	324.9
Others	7.7	5.0	55.3	20.2	11.9	69.9
Total	65.5	45.9	42.5	205.3	102.3	100.5

3Q10 Revenue	Mechatronics Europe		Mechatronics Asia	
	S\$ m	yoy change	S\$ m	yoy change
Semiconductor	11.0	109.4%	10.9	333.1%
Medical	12.9	-6.8%	0.6	-10.1%
Analytical	8.1	1.6%	4.3	114.5%
Industrial Automation	-	-	10.0	13.7%
Others	3.1	15.8%	4.6	102.1%
Total	35.1	18.0%	30.4	87.5%

Revenue of the semiconductor business segment rose for the sixth consecutive quarter in 3Q10 to register strong growth of 182.1% yoy to S\$21.9 million from S\$7.8 million in 3Q09. With the recovery of the semiconductor equipment sector, this segment saw a substantial increase in sales to customers at both the Europe and Asia operations during the period under review. As a result, the semiconductor business segment accounted for a higher 33.5% share of the Mechatronics Division's revenue in 3Q10, compared to 16.9% in 3Q09.

The medical business segment recorded revenue of S\$13.5 million in 3Q10, a decline of 7.0% yoy from S\$14.4 million in 3Q09 which was mainly the result of the substantial depreciation of the Euro against the Singapore dollar between the two periods. In Euro currency, sales for this business segment increased approximately 13.0% yoy in 3Q10.

The analytical business segment registered a 24.1% yoy increase in revenue to S\$12.4 million in 3Q10, from S\$10.0 million in 3Q09, driven mainly by improved sales to customers of the Asia operations.

Revenue of the industrial automation business segment increased 13.7% yoy to S\$10.0 million in 3Q10, from S\$8.7 million in 3Q09. On a sequential basis however, this was a significant decrease from S\$32.3 million in 2Q10, when there was an exceptional surge in sales of automated production equipment for data storage products.

Revenue from customers in other business segments rose 55.3% yoy to S\$7.7 million, from S\$5.0 million in 3Q09, due mainly to higher sales to customers of Mechatronics Asia. Sequentially, revenue from other business segments in 3Q10 increased 10.2% compared to S\$7.0 million in 2Q10.

For 9M10, the semiconductor business segment was the largest revenue contributor to the Mechatronics Division with a share of 29.0%, compared to 13.4% in 9M09.

EMS Division

Revenue breakdown by Business Segment

	3Q10	3Q09	y-o-y	9M10	9M09	y-o-y
	S\$ m	S\$ m	%	S\$ m	S\$ m	%
Keypad / Telco	-	4.4	N.M.	2.5	12.3	(79.5)
Office Automation	7.5	3.5	115.6	25.5	10.8	137.1
Automotive	5.4	4.1	31.5	14.6	9.7	49.8
Others *	2.7	0.7	304.2	6.7	3.0	124.0
Total	15.6	12.7	22.6	49.3	35.8	37.7

* With the discontinuance of keypad business, telco sales have been reclassified as 'Others' with effect from 2Q10

The office automation business segment increased sales by 115.6% yoy to S\$7.5 million in 3Q10, from S\$3.5 million in 3Q09, due mainly to an expanded range of products for an existing customer. On a sequential basis however, sales of this business segment contracted by 14.7% qoq from S\$8.8 million in 2Q10. Product sales have remained fairly stable but revenue is subject to volatility in timing of billings of toolings for ongoing industrialisation projects.

Revenue of the automotive business segment continued to improve due to better market conditions in the automotive industry. Sales for this business segment of S\$5.4 million in 3Q10 was an increase of 31.5% yoy from S\$4.1 million in 3Q09 and a gain of 18.6% qoq from S\$4.6 million in 2Q10.

Following the Group's strategic decision to cease the keypad business from February 2010, the EMS Division did not record sales for the Keypad/Telco segment in 3Q10. As such, sales of telco products have been reclassified under the Others business segment.

Revenue from the Others business segment of S\$2.7 million in 3Q10 was a significant increase of 304.2% yoy from S\$0.7 million in 3Q09 due to improving order flows from customers as well as the inclusion of telco sales.

For 9M10, the office automation business segment was the largest revenue contributor to the EMS Division with a share of 51.6%, compared to 30.0% in 9M09.

Gross Profit

The Group's gross profit (GP) almost doubled in 3Q10 to S\$10.0 million, from S\$5.2 million in 3Q09. This is attributable to an improvement in the capacity utilisation of its manufacturing operations, which is a result of higher sales generated during the quarter under review.

In particular, the Mechatronics Division continued to benefit from the stronger business conditions and higher operating efficiency which lifted its GP margin to 15.1% in 3Q10, from 11.3% in 3Q09. As a result, the Group expanded its overall GP margin to 12.3% in 3Q10, from 8.8% in the same period a year ago.

Other Gains

Other gains remained stable at S\$0.6 million in 3Q10 relative to 3Q09.

Operating Expenses

Selling and distribution expenses increased 23.2% to S\$1.7 million in 3Q10, from S\$1.4 million in 3Q09. This was due mainly to increases in transport, freight and forwarding charges in line with the increase in sales.

Administrative and general expenses increased 13.7% to S\$4.3 million in 3Q10, from S\$3.8 million in 3Q09. This was attributable to increases in traveling, training and additional management incentive provision.

Other operating expenses decreased 47.3% to S\$0.5 million in 3Q10 from S\$1.0 million in 3Q09, the latter higher expenses being attributable to one-time costs incurred as a result of the consolidation of the Group's mechatronics operations in Malaysia to the new plant at Bangi. However, the decrease in other operating expenses was narrowed by a higher foreign exchange loss incurred in 3Q10 as compared to 3Q09.

Finance Costs

Finance costs decreased to S\$0.2 million in 3Q10, from S\$0.3 million in 3Q09, attributable mainly to lower interest incurred on borrowings.

Taxation

Income tax expense increased to S\$0.8 million in 3Q10, compared to S\$0.4 million in 3Q09, in line with higher taxable profits during the period under review.

Group Net Profit

As a result of the above factors, the Group reported a net profit of S\$3.0 million in 3Q10 from a net loss of S\$1.0 million in 3Q09 (before accounting for negative goodwill adjustment of S\$0.1 million which arose from the acquisition of ETLA in May 2009).

For 9M10, the Group posted a net profit of S\$11.8 million, compared to a loss of S\$0.9 million in 9M09 (before accounting for negative goodwill of S\$13.6 million which arose from the acquisition of ETLA in May 2009).

Balance Sheet

The Group remained in a net cash position as at 30 September 2010 with cash and cash equivalents of S\$48.8 million, compared to S\$61.2 million as at 31 December 2009. Shareholders' equity stood at S\$193.4 million translating to net asset value per share of 52.85 cents.

Total assets increased to S\$293.4 million as at 30 September 2010, from S\$278.7 million as at 31 December 2009, due mainly to increases in inventories and trade receivables which offset a reduction in cash and cash equivalents.

The Group's inventories increased to S\$74.9 million at the end of 9M10, compared to S\$55.5 million at the end of FY2009, in order to fulfill the higher level of customer orders at both its Europe and Asia operations. Trade receivables as at 30 September 2010 increased to S\$63.9 million, from S\$54.2 million as at 31 December 2009, in line with the higher volume of sales during 3Q10.

As at 30 September 2010, total borrowings stood at S\$37.8 million. This was an increase from S\$32.3 million at the end FY2009, attributable primarily to Mechatronics Asia's utilisation of trade borrowings for additional working capital needs. Nonetheless, the Group maintained a net cash position of S\$11.0 million at the end of 9M10.

Trade payables as at 30 September 2010 increased to S\$43.9 million, from S\$34.2 million as at 31 December 2009, due to increased purchases of raw materials to support the higher level of business activity.

Cash Flow Analysis

The Group generated net cash of S\$3.5 million from operating activities in 3Q10, compared to S\$11.0 million in 3Q09 due to higher working capital requirements as a result of increased business activities.

Net cash used in investing activities during 3Q10 was S\$3.6 million, which comprised mainly capital expenditure to improve the Group production capacity and efficiency. The Group used net cash from financing activities of S\$7.0 million in 3Q10, due mainly to a net decrease in bank borrowings for Mechatronics Asia.

As a result of the above, the Group ended 3Q10 with a net decrease in cash and cash equivalents of S\$7.2 million. When added to its opening cash and cash equivalents of S\$55.5 million at the start of the quarter, the Group had an ending cash balance of S\$48.3 million as at 30 September 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 3Q10 are in line with guidance provided in its Second Quarter Financial Statements and Dividend Announcement posted on SGXNet on 12 August 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.

The outlook of the global high technology capital and consumer equipment sectors remained positive during 3Q10. This has resulted in increased orders and sales at both the Mechatronics and EMS Divisions in 3Q10.

Mechatronics Division

The Mechatronics Division's enlarged scale of global operations continues to attract interest from existing and potential customers. As a result, the division's operations in Europe and Asia have strengthened their market position and have been benefiting from improved order flows.

The division has multiple projects at various stages of development for customers in the semiconductor, medical, analytical and industrial automation business segments that are scheduled to be launched for commercial production from 4Q10 onwards.

To capitalise on the rapid growth of the capital equipment market in China, the Group is currently expanding its mechatronics facility in Wuxi with completion targeted for 1Q11.

Barring unforeseen circumstances, prospects for the Mechatronics Division for 4Q10 remain positive.

EMS Division

The EMS Division is continuing the operational enhancement and rationalization of its three manufacturing companies into a single integrated EMS entity to form a leaner and more cost effective outfit.

Following the strategic decision to discontinue the keypad business from February 2010, the division continues to realign its operations to focus on the automotive and office automation business segments.

The EMS Division has been making good progress in building a stable and growing revenue base by securing new projects in the automotive and office automation business segments. Multiple projects are currently at the industrialisation phase with a substantial number scheduled to commence commercial production in the second half of FY2011. Hence, barring unforeseen circumstances, the Group expects the EMS Division to witness gradual revenue growth from 3Q11 onwards.

The division is also working on various initiatives to broaden its base of automotive customers and is optimistic of its prospects to secure new projects in the automotive business segment. The division is currently evaluating various options to speed up the geographical expansion of its automotive business into China.

While the EMS Division has made encouraging progress in building its office automation and automotive business segments, the Group does not expect the incremental contributions from these segments to fully offset the loss of contribution from the keypad business segment for FY2010 and FY2011.

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	
	30/09/10 \$'000	30/09/09 \$'000
Not applicable	-	-

BY ORDER OF THE BOARD

Gooi Soon Hock
Executive Director
11-Nov-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 third quarter 2010 financial results to be false or misleading.

On behalf of the Board of Directors

(Signed)

Gooi Soon Hock
Executive Director

(Signed)

Hendrik Gezinus Tappel
Executive Director

Singapore, 11 November 2010