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 31/03/11 $'000	3 months ended 31/03/10 $'000	% Change
Revenue	82,819	70,744	17.1%
Cost of sales	(73,771)	(61,009)	20.9%
Gross profit	9,048	9,735	-7.1%
Other income	1,441	787	83.1%
Selling and distribution expenses	(1,721)	(1,632)	5.5%
Administrative and general expenses	(4,101)	(3,757)	9.2%
Other operating expenses	(646)	(699)	-7.6%
Interest income	134	215	-37.7%
Finance costs	(149)	(381)	-60.9%
Profit before income tax	4,006	4,268	-6.1%
Income tax expense	(973)	(1,224)	-20.5%
Net profit attributable to equity holders	3,033	3,044	-0.4%

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		
	3 months ended 31/03/11 $'000	**3 months ended 31/03/10 $'000**	**% Change**
Profit for the period is arrived at after charging/(crediting) :-			
Investment income	-	-	-
Other income including interest income	(1,575)	(1,002)	57%
Interest on borrowings	149	381	-61%
Depreciation of property, plant and equipment	2,839	2,876	-1%
(Write-back)/Allowance for doubtful debts and bad debts written off	(113)	-	N.M.
(Write back)/Allowance for inventory obsolescence	437	(32)	N.M.
Impairment in value of investments	-	-	-
Foreign exchange (gain)/ loss, net	103	558	-82%
Adjustments for (over)/ under provision of tax in respect of prior years	-	115	-100%
(Gain)/Loss on disposal of property, plant and equipment	(27)	(7)	286%
Property, plant and equipment written off	2	3	-33%
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	
	31/03/11	**31/12/10**	**31/03/11**	**31/12/10**
	$'000	**$'000**	**$'000**	**$'000**
NON-CURRENT ASSETS				
Property, plant and equipment	70,121	66,562	-	-
Investments in subsidiaries	-	-	73,801	73,594
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	1,207	1,335	-	-
Other receivables, deposits and prepayments	4,362	4,278	-	-
	92,448	88,933	80,201	79,994
CURRENT ASSETS				
Inventories	69,523	62,028	-	-
Trade receivables	68,799	69,655	-	-
Receivables from subsidiaries	-	-	1,848	797
Dividends receivable from subsidiaries	-	-	5,591	5,592
Other receivables, deposits and prepayments	9,749	9,950	12	12
Tax recoverable	73	76	-	-
Cash and cash equivalents	43,214	52,998	20,083	20,843
	191,358	194,707	27,534	27,244
Total assets	283,806	283,640	107,735	107,238
CURRENT LIABILITIES				
Trade payables	40,711	39,628	-	-
Other payables, accruals and provisions	19,215	19,256	573	296
Payables to subsidiaries	-	-	12	-
Deferred gain	1,063	1,063	-	-
Borrowings	14,005	19,351	-	-
Income tax payable	2,005	1,089	1	4
	76,999	80,387	586	300
NON CURRENT LIABILITIES				
Deferred gain	5,847	6,113	-	-
Borrowings	47	99	-	-
Deferred income tax liabilities	272	751	-	-
	6,166	6,963	-	-
Total liabilities	83,165	87,350	586	300
NET ASSETS	200,641	196,290	107,149	106,938
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	90,552	90,552	90,552	90,552
Treasury shares	(2,467)	(2,544)	(2,467)	(2,544)
Foreign currency translation reserve	(4,809)	(5,900)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	(24)	-	(24)	-
Statutory reserve fund	554	571	-	-
Share option reserve	976	802	976	802
Retained profits	113,514	110,464	18,112	18,128
TOTAL EQUITY	200,641	196,290	107,149	106,938
	-	-	-	-

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

Amount repayable in one year or less, or on demand

As at 31/03/11		As at 31/12/10	
Secured $'000	**Unsecured $'000**	**Secured $'000**	**Unsecured $'000**
272	13,733	6,378	12,973

Amount repayable after one year

As at 31/03/11		As at 31/12/10	
Secured $'000	**Unsecured $'000**	**Secured $'000**	**Unsecured $'000**
47	-	99	-

Details of any collateral

The secured borrowings of the Group as at 31 March 2011 comprise finance lease liabilities and are secured by certain 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 31/03/11 $ '000	**3 months ended 31/03/10 $ '000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit attributable to equity holders	3,033	3,044
Adjustments for:		
Income tax expense	973	1,224
Exchange differences	(28)	120
Employee share option expense	207	132
Depreciation of property, plant and equipment	2,839	2,876
Gain on disposal of property, plant and equipment, net	(27)	(7)
Property, plant and equipment written off	2	3
Interest income	(134)	(215)
Interest expense	149	381
Amortisation of deferred gain	(266)	-
Operating cash flow before working capital changes	6,748	7,558
Changes in operating assets and liabilities :		
Inventories	(6,938)	(17,268)
Receivables	1,575	(5,646)
Payables	76	11,366
Cash flows generated from/(used in) operations	1,461	(3,990)
Tax paid	(423)	(536)
Tax refunded	-	203
Interest paid	(149)	(381)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	889	(4,704)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	134	215
Purchase of property, plant and equipment **(Note 1)**	(5,776)	(675)
Proceeds from disposal of property, plant and equipment	137	32
NET CASH USED IN INVESTING ACTIVITIES	(5,505)	(428)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from re-issuance of treasury shares	93	-
Purchase of treasury shares	(73)	(230)
Repayment of finance lease liabilities	(111)	(135)
Repayment of short term bank borrowings	(13,853)	(10,256)
Repayment of term loans	(6,048)	(499)
Proceeds from short term bank borrowings	14,434	16,759
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(5,558)	5,639
Net (decrease)/increase in cash and cash equivalents	(10,174)	507
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	52,998	61,208
Effect of exchange rate changes on cash and cash equivalents	212	(1,960)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	43,036	59,755
	-	-

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 31/03/11 $ '000	**3 months ended 31/03/10 $ '000**
Cash and cash equivalents at end of the financial period comprise:		
Short term fund placed with a Malaysian financial institution	5,329	5,366
Deposits with licensed banks	25,541	5,926
Cash and bank balances	12,344	48,463
Bank overdrafts	(178)	-
	43,036	59,755

Note 1 :
During the financial period, the Group acquired property, plant and equipment with an aggregate cost of $6,253,000 (31.03.2010: $890,000) of which $Nil (31.03.2010: $Nil) was acquired by means of finance lease arrangement and $477,000 (31.03.2010: $215,000) included in other payables at balance sheet date. Cash payments of $5,776,000 (31.03.2010: $675,000) were made to purchase these property, plant and equipment.

1(d) Consolidated statement of comprehensive income

	3 months ended 31/03/11 $'000	**3 months ended 31/03/10 $'000**	**% Change**
<u>Statement of Comprehensive Income</u>			
Net profit attributable to equity holders	3,033	3,044	-0.4%
Other comprehensive income for the period :			
Currency translation differences	1,091	(3,452)	N.M.
Total comprehensive income/(expense) for the period attributable to equity holders	4,124	(408)	N.M.

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 2011 and 31 March 2010

	Attributable to equity holders of the Company								Total Equity
The Group	**Share Capital $ '000**	**Treasury Shares $ '000**	**Foreign Currency Translation Reserve $ '000**	**Merger Reserve $ '000**	**Capital Reserve $ '000**	**Statutory Reserve Fund $ '000**	**Share Option Reserve $ '000**	**Retained Profits $ '000**	**$ '000**
At 1 January 2011	90,552	(2,544)	(5,900)	2,345	-	571	802	110,464	196,290
Total comprehensive income for the quarter	-	-	1,091	-	-	-	-	3,033	4,124
Purchase of treasury shares	-	(73)	-	-	-	-	-	-	(73)
Transfer to statutory reserve fund	-	-	-	-	-	(17)	-	17	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	207	-	207
- Treasury shares re-issued	-	150	-	-	(24)	-	(33)	-	93
At 31 March 2011	90,552	(2,467)	(4,809)	2,345	(24)	554	976	113,514	200,641
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

	Attributable to equity holders of the Company								Total Equity
The Company	**Share Capital $ '000**	**Treasury Shares $ '000**	**Foreign Currency Translation Reserve $ '000**	**Merger Reserve $ '000**	**Capital Reserve $ '000**	**Statutory Reserve Fund $ '000**	**Share Option Reserve $ '000**	**Retained Profits / (Accumulated Losses) $ '000**	**$ '000**
At 1 January 2011	90,552	(2,544)	-	-	-	-	802	18,128	106,938
Total comprehensive expense for the quarter	-	-	-	-	-	-	-	(16)	(16)
Purchase of treasury shares	-	(73)	-	-	-	-	-	-	(73)
Employee share option scheme - Value of employee services	-	-	-	-	-	-	207	-	207
- Treasury shares re-issued	-	150	-	-	(24)	-	(33)	-	93
At 31 March 2011	90,552	(2,467)	-	-	(24)	-	976	18,112	107,149
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

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 acquired 254,000 ordinary shares from the open market. The total amount paid to acquire the shares was $72,612. The Company re-issued 600,000 treasury shares during the quarter pursuant to the Company's employee share option scheme at the exercise price of $0.155 each. The cost of the treasury shares re-issued amounted to $149,535. The number of treasury shares held as at the end of current quarter was 9,881,000 shares.

	Total number of issued shares as at	
	31/03/11	**31/12/10**
Number of issued shares	376,184,325	376,184,325
Number of treasury shares acquired	(10,481,000)	(10,227,000)
Number of treasury shares re-issued	600,000	-
Total number of issued shares excluding treasury shares	366,303,325	365,957,325

Share options

The movement of share options of the Company during the period from 1 January 2011 to 31 March 2011 is as follows:

	Number of ordinary shares under option						
Date of grant	As at 1.1.2011	Granted during the period	Forfeited during the period	Exercised during the period	As at 31.3.2011	Exercise price	Exercise period
1.12.2008 (2008 Option)	8,380,000	0	0	(600,000)	7,780,000	$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	8,510,000	0	(200,000)	0	8,310,000	$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	9,050,000	0	(180,000)	0	8,870,000	$0.224	1.12.2012 - 30.11.2020
	25,940,000	0	(380,000)	(600,000)	24,960,000		

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	
	31/03/11	**31/12/10**
Total number of issued shares excluding treasury shares	366,303,325	365,957,325

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.

During the quarter, the Company re-issued 600,000 treasury shares pursuant to the Company's employee share option scheme. The cost of the treasury shares re-issued amounted to $149,535.

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 2011.

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 31/03/11	**3 months ended 31/03/10**
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	0.81
- Weighted average number of shares (in thousand)	366,102	376,167
(ii) On a fully diluted basis (in cents)	0.83	0.80
- Adjusted weighted average number of shares (in thousand)	367,405	378,348

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

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**	
	31/03/11	**31/12/10**	**31/03/11**	**31/12/10**
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	54.77	53.64	29.25	29.22

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 31.03.2011 of 366,303,325 (31.12.2010 : 365,957,325).

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. This division has a network of production facilities strategically located in The Netherlands, Singapore, China and Malaysia.

- The EMS Division offers integrated contract design and manufacturing services for automotive, office automation and other consumer products to a global customer base. Its manufacturing facilities are located in Malaysia.

Corporate development

In January 2010, the Group announced the sale of certain assets related to the keypad product segment of its EMS Division, which was in line with the division's long term strategy to fully focus its operations and resources on higher value added products with longer life cycles in the automotive and niche office automation segments. As such, the keypad segment contributed a single month of revenue in 1Q10 as production was discontinued from February 2010.

Income Statement

Group Revenue

	1Q	2Q	3Q	4Q	Full Year
FY2011 (S$ m)	82.8	-	-	-	-
FY2010 (S$ m)	70.7	102.8	81.1	97.2	351.8
y-o-y (%)	17.1	-	-	-	-

For the three months ended 31 March 2011 (1Q11), the Group's revenue increased 17.1% year-on-year (yoy) to S$82.8 million, from S$70.7 million in 1Q10, mainly due to improved sales of the Mechatronics Division.

On a quarter-on-quarter (q-o-q) basis, Group revenue declined 14.8% from S$97.2 million in 4Q10 to S$82.8 million in 1Q11 as the first quarter of the financial year is typically a seasonally slower period.

Revenue breakdown by Division

	1Q11		1Q10		y-o-y
	S$ m	%	S$ m	%	%
Mechatronics	65.7	79.3	53.5	75.7	22.7
- Europe	*41.7*	-	*31.6*	-	*32.0*
- Asia	*24.0*	-	*21.9*	-	*9.3*
EMS	17.1	20.7	17.2	24.3	(0.5)
Total	82.8	100.0	70.7	100.0	17.1

Revenue at the Mechatronics Division grew by 22.7% to S$65.7 million in 1Q11, from S$53.5 million in 1Q10. This was driven mainly by higher sales of the European operations ("Mechatronics Europe") which increased 32.0% to S$41.7 million, compared to S$31.6 million in 1Q10, due to robust market demand for high-tech capital equipment from customers in Europe. The revenue contribution of Mechatronics Europe to the division would have been higher in 1Q11 if not for the significant depreciation of the Euro against the Singapore Dollar since 1Q10. In Euro terms, revenue at Mechatronics Europe increased by 47.6% in 1Q11.

The Mechatronics Division also benefited from steady growth of its Asian operations ("Mechatronics Asia"), which reported a revenue gain of 9.3% to S$24.0 million in 1Q11, compared to S$21.9 million in 1Q10.

Revenue at the EMS Division in 1Q11 was steady at S$17.1 million, compared to the year-ago quarter, as increased sales of the automotive and other segments offset lower sales of the office automation segment and the absence of sales contribution from the keypad business.

In 1Q11, the Mechatronics Division accounted for 79.3% of Group revenue, compared to 75.7% in 1Q10.

Mechatronics Division

Revenue breakdown by Business Segment

	1Q11	1Q10	y-o-y	4Q10	q-o-q
	S$ m	S$ m	%	S$ m	%
Semiconductor	19.3	16.8	14.9	19.0	1.3
Medical	14.2	12.5	13.5	17.8	(20.1)
Analytical	15.8	10.2	54.5	15.6	1.7
Industrial Automation	9.3	8.5	10.0	16.2	(42.3)
Others	7.1	5.5	28.0	7.8	(10.0)
Total	65.7	53.5	22.7	76.4	(14.0)

The semiconductor segment registered revenue growth of 14.9% to S$19.3 million in 1Q11, from S$16.8 million in 1Q10, mainly due to higher sales to a major existing customer of Mechatronics Europe. This segment was the Mechatronics Division's largest revenue contributor with a share of 29.3% in 1Q11.

Revenue of the medical segment increased 13.5% to S$14.2 million in 1Q11, from S$12.5 million in 1Q10. This was primarily due to increased sales of new and existing products to a major existing customer of Mechatronics Europe, which contributes the bulk of sales for this segment.

The analytical business segment recorded a 54.5% increase in revenue to S$15.8 million in 1Q11, from S$10.2 million in 1Q10, lifted by improved sales to the Group's customers in Europe and Asia.

Revenue of the industrial automation segment at Mechatronics Asia increased 10.0% to S$9.3 million in 1Q11 due to increased sales to existing customers.

Revenue from customers in other business segments increased 28.0% to S$7.1 million in 1Q11, from S$5.5 million in 1Q10, due mainly to incremental sales at Mechatronics Europe.

In 1Q11, the Europe and Asia operations accounted for 63.5% and 36.5% respectively of the Mechatronics Division's revenue.

EMS Division

Revenue breakdown by Business Segment

	1Q11	1Q10	y-o-y	4Q10	q-o-q
	S$ m	S$ m	%	S$ m	%
Keypad/Telco	-	2.5	N.M.	-	N.M.
Office Automation	7.7	9.2	(15.8)	8.7	(11.3)
Automotive	7.5	4.6	61.5	9.6	(22.5)
Others *	1.9	0.9	114.7	2.5	(21.1)
Total	17.1	17.2	(0.5)	20.8	(17.7)

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

The automotive segment registered revenue growth of 61.5% to S$7.5 million in 1Q11, compared to S$4.6 million in 1Q10, due to the addition of new products and improved market conditions.

Revenue of the office automation segment in 1Q11 declined 15.8% to S$7.7 million, from S$9.2 million in 1Q10, due to normalisation of sales from a project transferred from China. However, this business segment remained as the largest contributor to the EMS Division's revenue with a share of 44.9% in 1Q11, compared to 53.1% in 1Q10.

Following the Group's strategic decision to cease production of keypads from early February 2010, this product segment recorded a single month of sales in the Keypad/Telco business segment in 1Q10. Sales of telco products have been reclassified under the Others segment with effect from 2Q10. As a result of this reclassification as well as improved sales to customers, the Others segment recorded a significant 114.7% increase in revenue to S$1.9 million in 1Q11, compared to S$0.9 million in 1Q10.

Gross Profit (GP) and GP margin

The Group's GP decreased 7.1% to S$9.0 million in 1Q11, from S$9.7 million in 1Q10, as higher GP achieved by Mechatronics Europe was off set by GP declines at Mechatronics Asia and the EMS Division.

Mechatronics Europe continued to benefit from economies of scale as the steady increase in its sales and capacity utilisation rate resulted in higher operating efficiencies. This enabled its GP margin to improve to 15.9% in 1Q11, compared to 14.2% in 1Q10.

However, GP margin of Mechatronics Asia softened to 10.1% in 1Q11, from 18.2% in 1Q10. This was caused by effect of the US dollar's depreciation vis-à-vis the Singapore dollar and Renminbi, lower sales in China and increased costs from the shift to a larger premise.

While the EMS Division registered stable revenue in 1Q11, its GP margin was affected by a shift in sales mix from keypad components in 1Q10 towards modular products for the office automation and automotive segments which typically have lower contribution margins. In addition, production trials of new product introduction also affected margins.

As a result of the above factors, the Group's overall GP margin softened to 10.9% in 1Q11, from 13.8% in 1Q10.

Other Income

Other income increased 83.1% to S$1.4 million in 1Q11, from S$0.8 million in 1Q10, mainly due to foreign exchange gains arising from a stronger Euro vis-a-vis the Malaysian Ringgit and amortisation of deferred gain from the disposal of the Group's properties in Singapore in the previous financial year.

Operating expenses

Selling and distribution expenses increased 5.5% to S$1.7 million in 1Q11, from S$1.6 million in 1Q10. This was mainly attributable to higher transport, freight & forwarding charges and sales commission which were partly offset by reversal of provision for doubtful debts following payments by customers.

Administrative and general expenses in 1Q11 increased 9.2% to S$4.1 million, from S$3.8 million in 1Q10. This was mainly due to increases in salaries from higher headcount.

Other operating expenses reduced by 7.6% to S$0.6 million in 1Q11 from S$0.7 million in 1Q10, due mainly to lower foreign exchange loss.

Finance Costs

Finance costs decreased to S$0.1 million in 1Q11, from S$0.4 million in 1Q10, attributable mainly to lower borrowings of Mechatronics Asia arising from retirement of term loan raised for the financing of the Group's premises in Bangi, Malaysia during the period under review.

Taxation

Income tax expense decreased to S$1.0 million in 1Q11, from S$1.2 million in 1Q10, in line with lower taxable profits during the period. Effective tax rate for 1Q11 was 24.3%, compared to 28.7% in 1Q10. The higher effective tax rate in 1Q10 was mainly due to additional tax expense arising from the under provision of taxes for FY2009.

Group Net Profit

	1Q	2Q	3Q	4Q	Full Year
FY2011 (S$ m)	3.0	-	-	-	-
FY2010 (S$ m)	3.1	5.8	3.0	5.7	17.6
y-o-y (%)	(0.4)	-	-	-	-

As a result of the above, the Group reported a net profit of S$3.0 million in 1Q11. The Group's net profit margin softened to 3.7%, from 4.3% in 1Q10.

Balance Sheet

The Group maintained a sound balance sheet as at 31 March 2011 with a net cash position of S$29.2 million. Cash and cash equivalents stood at S$43.2 million while bank borrowings amounted to S$14.0 million. Shareholders' equity rose to S$200.6 million which translates to a net asset value of 54.8 cents per share.

Total assets stood at S$283.8 million as at 31 March 2011. Property, plant and equipment increased to S$70.1 million, from $66.6 million at the end of December 2010, due mainly to the expansion of production facilities in the Group's new premises in China, upgrading of production equipment in Europe and addition of automotive production facilities in Malaysia.

The Group's inventories increased to S$69.5 million as at 31 March 2011, from S$62.0 million at the end of December 2010, due to the higher level of customer orders at both its Europe and Asia operations.

There was no significant fluctuation in trade receivables, which stood at S$68.8 million as at 31 March 2011, compared to S$69.7 million as at 31 December 2010.

Trade payables were slightly higher at S$40.7 million, compared to S$39.6 million as at 31 December 2010, due mainly to increased purchases of raw materials by the Mechatronics Division.

Total borrowings were reduced to S$14.0 million as a 31 March 2011, compared to S$19.5 million at end December 2010, attributable primarily to retirement of term loan raised for the property at Bangi, Malaysia.

Cash Flow Analysis

The Group generated net cash of S$0.9 million from operating activities in 1Q11, compared to negative operating cash flow of S$4.7 million in 1Q10. This was mainly due to lower utilisation of working capital during the period under review.

The Group used net cash of S$5.5 million for investing activities during 1Q11, mainly for capital expenditure.

Net cash used in financing activities amounted to S$5.6 million in 1Q11, due mainly to retirement of the term loan raised for the Bangi property.

As a result of the above, the Group ended 1Q11 with a net decrease in cash and cash equivalents of S$10.2 million. When added to its opening cash and cash equivalents of S$53.0 million and after accounting for the positive effect of foreign currency movements on its opening cash and cash equivalents of S$0.2 million, the Group had an ending cash balance of S$43.0 million as at 31 March 2011.

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 1Q11 are in line with guidance provided in its Financial Statements and Dividend Announcement posted on SGXNet on 24 February 2011.

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.

Global demand for the Group's high technology capital and consumer equipment remained firm during the first three months of 2011. While growth may moderate after staging a strong recovery in 2010, prospects for the technology sector are generally expected to remain positive in the current year.

The Group continues to be optimistic of its business operations in the long term. However, certain business segments may be subjected to fluctuations on a quarterly basis due to seasonal factors, volatility in customer orders and timing of product launches. Further depreciation of the US dollar and Euro vis-à-vis the Singapore dollar and other Asian currencies would also have an impact on the Group's results.

Mechatronics Division

The Mechatronics Division's wider geographical coverage, larger operating scale and global integration continue to attract new project opportunities for Mechatronics Europe and Asia. As a result, the division has been benefiting from a healthy inflow of enquires and quotation requests for new projects from existing and potential customers.

At Mechatronics Europe, forecasts from customers continue to indicate a stable demand for existing and new products. In addition, Mechatronics Europe is in on-going negotiations and strategic discussions with customers to secure new design and development projects. In the short term, the situation in Japan may potentially lead to slower sales due to the possibility of delayed investments and shortages of key components from Japan.

At Mechatronics Asia, revenue growth is expected to moderate in the current financial year as opposed to FY2010 due to the exceptional performance of the industrial automation segment in 2Q10. Series production for a number of new products in the analytical, semiconductor and others segments is anticipated to commence in the next few quarters and contribute to the division's sales from 2Q11. To broaden its revenue base, Mechatronics Asia continues to pursue business development initiatives in the medical and analytical segments, which have more stable long term growth potential. With the commencement of operations at its new and larger facility in Wuxi, Mechatronics Asia is better positioned to capitalise on the growth of the capital equipment market in China.

Barring unforeseen circumstances, the Group remains positive of the overall prospects for the Mechatronics Division in FY2011.

EMS Division

The EMS Division continues to align its operations to enhance its technical and operational competence for the office automation and automotive segments. The division is optimistic that on-going initiatives to broaden its customer base in the automotive segment will lead to new projects for this business segment. The Group is also continuing to evaluate various options to expand its automotive business into growth markets such as China and India.

The EMS Division anticipates further progress for its office automation and automotive segments and expects the incremental contributions from these segments during FY2011 to progressively compensate for the loss of contribution from the keypad business segment. A number of projects are scheduled to commence commercial production from 3Q11 onwards. Barring unforeseen circumstances, revenue of the EMS Division is expected to pick-up in 2H11 leading to higher sales from 1Q12 onwards.

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	
	31/3/11	**31/3/10**
Not applicable	-	-

BY ORDER OF THE BOARD

Gooi Soon Hock
Executive Director
12-May-11

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 2011 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, 12 May 2011