



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		
	30/09/11 \$'000	30/09/10 \$'000	% Change	30/09/11 \$'000	30/09/10 \$'000	% Change
Revenue	77,911	81,062	-3.9%	249,325	254,594	-2.1%
Cost of sales	(71,826)	(71,088)	1.0%	(223,124)	(221,321)	0.8%
Gross profit	6,085	9,974	-39.0%	26,201	33,273	-21.3%
Other income	690	575	20.0%	3,364	2,146	56.8%
Selling and distribution expenses	(1,551)	(1,739)	-10.8%	(5,269)	(5,382)	-2.1%
Administrative and general expenses	(4,214)	(4,341)	-2.9%	(12,876)	(12,526)	2.8%
Other operating expenses	(36)	(515)	-93.0%	(1,306)	(1,856)	-29.6%
Interest income	80	83	-3.6%	395	416	-5.0%
Finance costs	(89)	(201)	-55.7%	(324)	(1,079)	-70.0%
Profit before income tax	965	3,836	-74.8%	10,185	14,992	-32.1%
Income tax expense	(27)	(808)	-96.7%	(1,974)	(3,150)	-37.3%
Net profit attributable to equity holders	938	3,028	-69.0%	8,211	11,842	-30.7%

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		
	30/09/11	30/09/10	%	30/09/11	30/09/10	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Profit for the period is arrived at after charging/(crediting) :-						
Investment income	-	-	-	-	-	-
Other income including interest income	(770)	(658)	17.0%	(3,759)	(2,562)	46.7%
Interest on borrowings	89	201	-55.7%	324	1,079	-70.0%
Depreciation of property, plant and equipment	2,951	2,818	4.7%	8,760	8,533	2.7%
(Write-back)/Allowance for doubtful debts and bad debts written off	(344)	-	N.M.	(432)	220	N.M.
(Write back)/Allowance for inventory obsolescence	190	410	-53.7%	564	885	-36.3%
Impairment in value of investments	-	-	-	-	-	-
Foreign exchange (gain)/ loss, net	83	470	-82.3%	391	1,690	-76.9%
Adjustments for (over)/ under provision of tax in respect of prior years	124	(32)	N.M.	122	83	47.0%
(Gain)/Loss on disposal of property, plant and equipment	(18)	(24)	-25.0%	(33)	(111)	-70.3%
Property, plant and equipment written off	11	-	N.M.	26	3	766.7%
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	
	30/09/11 \$'000	31/12/10 \$'000	30/09/11 \$'000	31/12/10 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	72,111	66,562	-	-
Investments in subsidiaries	-	-	74,212	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	2,394	1,335	-	-
Other receivables, deposits and prepayments	4,342	4,278	-	-
	<u>95,605</u>	<u>88,933</u>	<u>80,612</u>	<u>79,994</u>
CURRENT ASSETS				
Inventories	74,011	62,028	-	-
Trade receivables	63,732	69,655	-	-
Receivables from subsidiaries	-	-	1,780	797
Dividends receivable from subsidiaries	-	-	-	5,592
Other receivables, deposits and prepayments	8,538	9,950	5	12
Tax recoverable	131	76	-	-
Cash and cash equivalents	42,914	52,998	20,517	20,843
	<u>189,326</u>	<u>194,707</u>	<u>22,302</u>	<u>27,244</u>
Total assets	284,931	283,640	102,914	107,238
CURRENT LIABILITIES				
Trade payables	36,782	39,628	-	-
Other payables, accruals and provisions	20,177	19,256	378	296
Deferred gain	1,063	1,063	-	-
Borrowings	20,542	19,351	-	-
Income tax payable	2,492	1,089	4	4
	<u>81,056</u>	<u>80,387</u>	<u>382</u>	<u>300</u>
NON CURRENT LIABILITIES				
Deferred gain	5,316	6,113	-	-
Borrowings	38	99	-	-
Deferred income tax liabilities	231	751	-	-
	5,585	6,963	-	-
Total liabilities	<u>86,641</u>	<u>87,350</u>	<u>382</u>	<u>300</u>
NET ASSETS	<u>198,290</u>	<u>196,290</u>	<u>102,532</u>	<u>106,938</u>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	90,552	90,552	90,552	90,552
Treasury shares	(1,998)	(2,544)	(1,998)	(2,544)
Foreign currency translation reserve	(7,744)	(5,900)	-	-
Merger reserve	2,345	2,345	-	-
Capital reserve	(102)	-	(102)	-
Statutory reserve fund	525	571	-	-
Share option reserve	1,287	802	1,287	802
Retained profits	113,425	110,464	12,793	18,128
TOTAL EQUITY	<u>198,290</u>	<u>196,290</u>	<u>102,532</u>	<u>106,938</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 30/09/11	
Secured	Unsecured
\$'000	\$'000
107	20,435

As at 31/12/10	
Secured	Unsecured
\$'000	\$'000
6,378	12,973

Amount repayable after one year

As at 30/09/11	
Secured	Unsecured
\$'000	\$'000
38	-

As at 31/12/10	
Secured	Unsecured
\$'000	\$'000
99	-

Details of any collateral

The secured borrowings of the Group as at 30 September 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		Group	
	3 months ended	30/09/10	9 months ended	30/09/10
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit attributable to equity holders	938	3,028	8,211	11,842
Adjustments for:				
Income tax expense	27	808	1,974	3,150
Exchange differences	(154)	(250)	149	(110)
Employee share option expense	209	131	618	390
Depreciation of property, plant and equipment	2,951	2,818	8,760	8,533
Loss/(Gain) on disposal of property, plant and equipment, net	(18)	(24)	(33)	(111)
Property, plant and equipment written off	11	-	26	3
Interest income	(80)	(83)	(395)	(416)
Interest expense	89	201	324	1,079
Amortisation of deferred gain	(265)	-	(797)	-
Operating cash flow before working capital changes	<u>3,708</u>	<u>6,629</u>	<u>18,837</u>	<u>24,360</u>
Changes in operating assets and liabilities :				
Inventories	408	(6,696)	(12,155)	(22,585)
Receivables	(225)	12,231	6,791	(12,143)
Payables	(3,764)	(7,505)	(3,127)	13,098
Cash flows generated from operations	<u>127</u>	<u>4,659</u>	<u>10,346</u>	<u>2,730</u>
Tax paid	(1,160)	(955)	(2,245)	(2,835)
Tax refunded	-	-	-	206
Interest paid	(89)	(201)	(324)	(1,079)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	<u>(1,122)</u>	<u>3,503</u>	<u>7,777</u>	<u>(978)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	80	83	395	416
Purchase of property, plant and equipment (Note 1)	(4,467)	(3,731)	(14,526)	(6,885)
Proceeds from disposal of property, plant and equipment	77	35	228	149
NET CASH USED IN INVESTING ACTIVITIES	<u>(4,310)</u>	<u>(3,613)</u>	<u>(13,903)</u>	<u>(6,320)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from re-issuance of treasury shares	40	-	384	-
Purchase of treasury shares	-	(542)	(73)	(2,544)
Repayment of finance lease liabilities	(98)	(125)	(282)	(325)
Repayment of short term borrowings	(26,681)	(33,686)	(55,580)	(60,533)
Repayment of term loans	-	(507)	(6,048)	(1,508)
Proceeds from short term borrowings	27,969	27,817	59,051	67,312
Dividend paid to shareholders	-	-	(5,296)	(2,776)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	<u>1,230</u>	<u>(7,043)</u>	<u>(7,844)</u>	<u>(374)</u>
Net decrease in cash and cash equivalents	(4,202)	(7,153)	(13,970)	(7,672)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD / YEAR	43,344	55,452	52,998	61,208
Effect of exchange rate changes on cash and cash equivalents	(361)	16	(247)	(5,221)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>38,781</u>	<u>48,315</u>	<u>38,781</u>	<u>48,315</u>

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

	Group 3 months ended		Group 9 months ended	
	30/09/11 \$'000	30/09/10 \$'000	30/09/11 \$'000	30/09/10 \$'000
Cash and cash equivalents at end of the financial period comprise:				
Short term fund placed with a Malaysian financial institution	3,523	5,496	3,523	5,496
Deposits with licensed banks	18,275	25,182	18,275	25,182
Cash and bank balances	21,116	18,116	21,116	18,116
Bank overdrafts	(4,133)	(479)	(4,133)	(479)
	<u>38,781</u>	<u>48,315</u>	<u>38,781</u>	<u>48,315</u>

Note 1 :

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$15,942,000 (30.09.2010: \$7,709,000) of which \$Nil (30.09.2010: \$Nil) was acquired by means of finance lease arrangement and \$1,416,000 (30.09.2010: \$824,000) included in other payables at balance sheet date. Cash payments of \$14,526,000 (30.09.2010: \$6,885,000) were made to purchase these property, plant and equipment.

1(d) Consolidated statement of comprehensive income

	3 months ended		9 months ended	
	30/09/11 \$'000	30/09/10 \$'000	30/09/11 \$'000	30/09/10 \$'000
<u>Statement of Comprehensive Income</u>				
Net profit attributable to equity holders	938	3,028	8,211	11,842
Other comprehensive (expense)/ income for the period :				
Currency translation differences	(2,145)	(84)	(1,844)	(8,809)
Total comprehensive (expense)/income for the period attributable to equity holders	<u>(1,207)</u>	<u>2,944</u>	<u>6,367</u>	<u>3,033</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 2011 and 30 September 2010

	Attributable to equity holders of the Company								Total Equity
	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
The Group									
At 1 July 2011	90,552	(2,063)	(5,599)	2,345	(91)	567	1,092	112,445	199,248
Total comprehensive (expense)/ income for the quarter	-	-	(2,145)	-	-	-	-	938	(1,207)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve fund	-	-	-	-	-	(42)	-	42	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	209	-	209
- Treasury shares re-issued	-	65	-	-	(11)	-	(14)	-	40
At 30 September 2011	<u>90,552</u>	<u>(1,998)</u>	<u>(7,744)</u>	<u>2,345</u>	<u>(102)</u>	<u>525</u>	<u>1,287</u>	<u>113,425</u>	<u>198,290</u>
At 1 July 2010	90,552	(2,002)	(2,869)	2,345	-	456	535	101,841	190,858
Total comprehensive (expense)/ 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 employee services	-	-	-	-	-	-	131	-	131
At 30 September 2010	<u>90,552</u>	<u>(2,544)</u>	<u>(2,953)</u>	<u>2,345</u>	<u>-</u>	<u>550</u>	<u>666</u>	<u>104,775</u>	<u>193,391</u>
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 \$'000	Total Equity \$'000
At 1 July 2011	90,552	(2,063)	-	-	(91)	-	1,092	12,808	102,298
Total comprehensive expense for the quarter	-	-	-	-	-	-	-	(15)	(15)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	209	-	209
- Treasury shares re-issued	-	65	-	-	(11)	-	(14)	-	40
At 30 September 2011	<u>90,552</u>	<u>(1,998)</u>	<u>-</u>	<u>-</u>	<u>(102)</u>	<u>-</u>	<u>1,287</u>	<u>12,793</u>	<u>102,532</u>
At 1 July 2010	90,552	(2,002)	-	-	-	-	535	(3,144)	85,941
Total comprehensive expense for the quarter	-	-	-	-	-	-	-	15,665	15,665
Purchase of treasury shares	-	(542)	-	-	-	-	-	-	(542)
Employee share option scheme - Value of employee services	-	-	-	-	-	-	131	-	131
At 30 September 2010	<u>90,552</u>	<u>(2,544)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>666</u>	<u>12,521</u>	<u>101,195</u>

(b) Statement of changes in equity for the nine months ended 30 September 2011 and 30 September 2010

	Attributable to equity holders of the Company							Total Equity	
	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
The Group									
At 1 January 2011	90,552	(2,544)	(5,900)	2,345	-	571	802	110,464	196,290
Total comprehensive income for the financial period	-	-	(1,844)	-	-	-	-	8,211	6,367
Purchase of treasury share	-	(73)	-	-	-	-	-	-	(73)
Transfer to statutory reserve fund	-	-	-	-	-	(46)	-	46	-
Employee share option scheme - Value of employee services	-	-	-	-	-	-	618	-	618
- Treasury shares re-issued	-	619	-	-	(102)	-	(133)	-	384
Dividend paid	-	-	-	-	-	-	-	(5,296)	(5,296)
At 30 September 2011	<u>90,552</u>	<u>(1,998)</u>	<u>(7,744)</u>	<u>2,345</u>	<u>(102)</u>	<u>525</u>	<u>1,287</u>	<u>113,425</u>	<u>198,290</u>
At 1 January 2010	90,552	-	5,856	2,345	-	156	276	96,103	195,288
Total comprehensive (expense)/ 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 employee 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>-</u>	<u>550</u>	<u>666</u>	<u>104,775</u>	<u>193,391</u>
The Company									
The Company									
At 1 January 2011	90,552	(2,544)	-	-	-	-	802	18,128	106,938
Total comprehensive expense for the financial period	-	-	-	-	-	-	-	(39)	(39)
Purchase of treasury shares	-	(73)	-	-	-	-	-	-	(73)
Employee share option scheme - Value of employee services	-	-	-	-	-	-	618	-	618
- Treasury shares re-issued	-	619	-	-	(102)	-	(133)	-	384
Dividend paid	-	-	-	-	-	-	-	(5,296)	(5,296)
At 30 September 2011	<u>90,552</u>	<u>(1,998)</u>	<u>-</u>	<u>-</u>	<u>(102)</u>	<u>-</u>	<u>1,287</u>	<u>12,793</u>	<u>102,532</u>
At 1 January 2010	90,552	-	-	-	-	-	276	155	90,983
Total comprehensive expense for the financial period	-	-	-	-	-	-	-	15,142	15,142
Purchase of treasury shares	-	(2,544)	-	-	-	-	-	-	(2,544)
Employee share option scheme - Value of employee 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>-</u>	<u>666</u>	<u>12,521</u>	<u>101,195</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, there were no ordinary shares bought back from the market. The Company re-issued 260,000 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 \$64,896. The number of treasury shares held as at the end of current quarter was 8,001,000 shares.

	Total number of issued shares as at	
	30/09/11	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	2,480,000	-
Total number of issued shares excluding treasury shares	<u>368,183,325</u>	<u>365,957,325</u>

Share options

The movement of share options of the Company during the period from 1 July 2011 to 30 September 2011 is as follows:

Date of grant	Number of ordinary shares under option					Exercise Price	Exercise period
	As at 1.7.2011	Granted during the period	Forfeited during the period	Exercised during the period	As at 30.09.2011		
1.12.2008 (2008 Option)	6,160,000	-	-	(260,000)	5,900,000	\$0.155	1.12.2010 - 30.11.2018
1.12.2009 (2009 Option)	8,310,000	-	-	-	8,310,000	\$0.168	1.12.2011 - 30.11.2019
1.12.2010 (2010 Option)	8,870,000	-	-	-	8,870,000	\$0.224	1.12.2012 - 30.11.2020
	<u>23,340,000</u>	<u>-</u>	<u>-</u>	<u>(260,000)</u>	<u>23,080,000</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.

	As at	
	30/09/11	31/12/10
Total number of issued shares excluding treasury shares	<u>368,183,325</u>	<u>365,957,325</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.

During the quarter, the Company re-issued 260,000 treasury shares pursuant to the Company's employee share option scheme. The cost of the treasury shares re-issued amounted to \$64,896.

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 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		Group 9 months ended	
	30/09/11	30/09/10	30/09/11	30/09/10
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)	0.25	0.81	2.24	3.16
- Weighted average number of shares (in thousand)	368,150	373,562	367,305	374,857
(ii) On a fully diluted basis (in cents)	0.25	0.80	2.22	3.13
- Adjusted weighted average number of shares (in thousand)	370,882	377,925	370,536	378,470

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	
	30/09/11	31/12/10	30/09/11	31/12/10
Net asset value per ordinary share based on issued share capital at the end of financial period/year (cents)	53.86	53.64	27.85	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 30.09.2011 of 368,183,325 (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 high-technology capital and consumer equipment service provider that serves a global customer base. Its business is classified under two main divisions.

- The Mechatronics Division provides 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 design and manufacturing services for automotive, office automation and other consumer products from its manufacturing base in Penang, Malaysia.

Income Statement

Group Revenue

	1Q	2Q	3Q	4Q	Full Year
FY2011 (S\$ m)	82.8	88.6	77.9	-	-
FY2010 (S\$ m)	70.7	102.8	81.1	97.2	351.8
y-o-y (%)	17.1	(13.8)	(3.9)	-	-

For the three months ended 30 September 2011 (3Q11), the Group's revenue eased by 3.9% to S\$77.9 million from S\$81.1 million in 3Q10. This was due mainly to lower sales of the Mechatronics Division which was affected by increased uncertainty over global economic conditions and slower activity in the capital equipment market. On a sequential basis, the Group also registered a revenue decline of 12.1% quarter-on-quarter (qoq) from S\$88.6 million in 2Q11.

For the nine months ended 30 September 2011 ("9M11"), the Group recorded revenue of S\$249.3 million, which was a marginal decline of 2.1% from S\$254.6 million in 9M10.

Revenue breakdown by Division

	3Q11		3Q10		y-o-y
	S\$ m	%	S\$ m	%	%
Mechatronics	61.8	79.4	65.5	80.7	(5.4)
EMS	16.1	20.6	15.6	19.3	2.6
Total	77.9	100.0	81.1	100.0	(3.9)

Revenue at the Mechatronics Division decreased 5.4% to S\$61.8 million in 3Q11 from S\$65.5 million in 3Q10. This was due primarily to weaker sales in the semiconductor and industrial automation segments, which offset growth in revenue from the medical and analytical segments.

Revenue at the EMS Division in 3Q11 increased 2.6% to S\$16.1 million, from S\$15.6 million in 3Q10 as lower sales of the tooling and others segments were offset by higher product sales in the automotive and office automation segments.

For 9M11, the Mechatronics Division recorded revenue of S\$198.4 million, which was 3.3% lower than S\$205.3 million in 9M10. It accounted for a dominant 79.6% share of the Group's revenue in 9M11. Revenue at the EMS Division increased 3.1% to S\$50.9 million in 9M11, from S\$49.3 million in 9M10.

Mechatronics Division

Revenue breakdown by Business Segment

	3Q11	3Q10	y-o-y	9M11	9M10	y-o-y
	S\$ m	S\$ m	%	S\$ m	S\$ m	%
Semiconductor	16.0	21.9	(27.0)	56.4	59.6	(5.4)
Medical	16.8	13.5	25.5	45.3	39.4	15.2
Analytical	12.9	12.4	3.8	44.7	35.3	26.6
Industrial Automation	8.9	10.0	(10.7)	29.6	50.8	(41.8)
Others	7.2	7.7	(5.9)	22.4	20.2	11.0
Total	61.8	65.5	(5.4)	198.4	205.3	(3.3)

Revenue from the Semiconductor segment declined 27.0% to S\$16.0 million in 3Q11 from S\$21.9 million in 3Q10 as increased uncertainty over global economic conditions resulted in slower purchasing activity by customers in both Asia and Europe. Sequentially, this segment saw sales decreased 24.1% qoq from S\$21.1 million in 2Q11.

The Medical segment witnessed a 25.5% increase in sales to S\$16.8 million in 3Q11 from S\$13.5 million in 3Q10. This was also a gain of 17.4% qoq from S\$14.3 million in 2Q11. The improved performance of this segment can be attributed to higher sales to customers in Europe and Asia. As a result, the Medical segment was the Mechatronics Division's largest contributor in 3Q11 with a 27.2% share of the division's revenue.

Revenue from the Analytical business segment in 3Q11 increased 3.8% to S\$12.9 million from S\$12.4 million in 3Q10. Sequentially, revenue in 3Q11 was down 19.2% qoq from S\$16.0 million in 2Q11 due to slower customer demand arising from increased uncertainty over global economic conditions.

Revenue from the Industrial Automation segment of S\$8.9 million in 3Q11 registered a decline of 10.7% yoy from S\$10.0 million, and 21.5% qoq from S\$11.4 million in 2Q11. This was due mainly to a deferment of customer orders as a result of increasing uncertainties in the global economic landscape.

Revenue from customers in the Others segment decreased 5.9% to S\$7.2 million in 3Q11 from S\$7.7 million in 3Q10. Sales from this segment were also lower by 10.9% qoq from S\$8.1 million in 2Q11.

EMS Division

Revenue breakdown by Business Segment

	3Q11	3Q10	y-o-y	9M11	9M10	y-o-y
	S\$ m	S\$ m	%	S\$ m	S\$ m	%
Keypad / Telco	-	-	N.M.	-	2.5	N.M.
Office Automation	6.8	6.1	11.9	21.5	22.1	(2.6)
Automotive	6.8	4.3	56.4	17.7	13.1	35.3
Others	1.5	2.7	(46.6)	5.2	6.6	(22.4)
Tooling *	1.0	2.5	(60.5)	6.5	5.0	30.0
Total	16.1	15.6	2.6	50.9	49.3	3.1

* Revenue derived from tooling for the office automation and automotive segments are classified under the Tooling segment

Revenue from products in the Automotive segment continued to improve in 3Q11, increasing 56.4% to S\$6.8 million from S\$4.3 million in 3Q10. This was due to increased orders of existing products coupled with the start of production of a significant project for an existing customer. Sequentially, sales of this segment increased 26.4% from S\$5.4 million in 2Q11.

Revenue from products in the Office Automation segment increased 11.9% to S\$6.8 million in 3Q11 from S\$6.1 million in 3Q10. On a sequential basis however, sales of this segment were down 12.5% qoq from S\$7.8 million in 2Q11.

Sales of the Others segment decreased 46.6% to S\$1.5 million in 3Q11 from S\$2.7 million in 3Q10. This was also a decline of 19.8% from S\$1.7 million in 2Q11.

Revenue derived from tooling for the Automotive and Office Automation segments declined 60.5% to S\$1.0 million in 3Q11, from S\$2.5 million in 3Q10, as the industrialisation phase for certain projects was largely completed. In 2Q11, revenue from tooling amounted to S\$2.8 million.

For 9M11, sales in the Office Automation segment of S\$21.5 million accounted for the largest share of 42.3% of the EMS Division revenue. The contribution of the Automotive segment grew to 34.8% in 9M11, from 26.5% in 9M10.

Gross Profit Margin

The Group's GP margin contracted to 7.8% in 3Q11 from 12.3% in 3Q10 due mainly to a shift in sales mix and higher production costs.

Other Income

Other income increased 20.0% to S\$0.7 million in 3Q11, from S\$0.6 million in 3Q10. This was attributable mainly to gain on amortisation of deferred income from the disposal of the Group's properties at 1 and 2 Changi North Street 2 in the previous financial year.

Operating Expenses

Selling and distribution expenses in 3Q11 decreased 10.8% to S\$1.6 million from S\$1.7 million in 3Q10 mainly due to the reversal of doubtful debt provision at the Mechatronics Division. Administrative and general expenses were stable at S\$4.2 million in 3Q11 compared to S\$4.3 million in 3Q10. Other operating expenses fell significantly to S\$36,000 from S\$0.5 million in 3Q10 due mainly to a reduction in foreign exchange losses.

Finance Costs

Finance costs decreased to S\$0.1 million in 3Q11 from S\$0.2 million in 3Q10 attributable mainly to the retirement of term loan for the Group's premises in Changi North Street 2 and Bangi, Malaysia.

Taxation

Income tax expense decreased to S\$27,000 in 3Q11 compared to S\$0.8 million in 3Q10, in line with lower taxable profits during the quarter under review.

Group Net Profit

	1Q	2Q	3Q	4Q	Full Year
FY2011 (S\$ m)	3.0	4.2	0.9	-	-
FY2010 (S\$ m)	3.1	5.8	3.0	5.7	17.6
y-o-y (%)	(0.4)	(26.5)	(69.0)	-	-

As a result of the above factors, the Group reported a net profit of S\$0.9 million, a 69.0% decrease from S\$3.0 million in 3Q10. Accordingly, the Group's net profit margin contracted to 1.2% in 3Q11 from 3.7% in 3Q10.

For 9M11, the Group recorded net profit of S\$8.2 million, a decline of 30.7% compared to S\$11.8 million in 9M10.

Balance Sheet

As at 30 September 2011, the Group's balance sheet showed cash and cash equivalents of S\$42.9 million and bank borrowings of S\$20.6 million, resulting in a net cash position of S\$22.3 million. Shareholders' equity stood at S\$198.3 million, which translates into a net asset value of 53.9 cents per share.

Total assets stood at S\$284.9 million as at 30 September 2011. Property, plant and equipment increased to S\$72.1 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 facilities in Europe and expansion of production facilities in Malaysia.

The Group's inventories increased to S\$74.0 million as at 30 September 2011 compared to S\$62.0 million at the end of December 2010. This was mainly due to higher material requirements to fulfill customer orders in Europe coupled with deferment of orders in Asia.

Trade receivables declined to S\$63.7 million as at 30 September 2011 from S\$69.7 million as at 31 December 2010. Trade payables were also lower at S\$36.8 million compared to S\$39.6 million at the end of FY2010.

Total borrowings increased to S\$20.6 million compared to S\$19.5 million at end December 2010. This was attributable primarily to an increase in utilisation of trade financing for working capital purposes which offset the repayment of term loans for premises at Bangi, Malaysia.

Cash Flow Analysis

The Group used net cash of S\$1.1 million from operating activities in 3Q11 as compared to generating S\$3.5 million in 3Q10. This was due mainly to lower net profit coupled with higher working capital requirements during the period under review.

Net cash used for investing activities amounted to S\$4.3 million during 3Q11 compared to S\$3.6 million in 3Q10, due mainly to capital expenditure.

The Group generated net cash of S\$1.2 million from financing activities in 3Q11, due mainly to net proceeds arising from short-term borrowings.

As a result of the above, the Group ended 3Q11 with a net decrease in cash and cash equivalents of S\$4.2 million. When added to its opening cash and cash equivalents of S\$43.4 million and after accounting for the negative effect of foreign currency movements on its opening cash and cash equivalents of S\$0.4 million, the Group had an ending cash balance of S\$38.8 million as at 30 September 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 3Q11 are in line with guidance provided in its Second Quarter Financial Statements and Dividend Announcement posted on the SGXNet on 11 August 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.

The business environment for companies operating in the high technology capital equipment and consumer sectors has become more challenging as from 3Q11 due to increased uncertainties in the global economic landscape. Given this uncertain macroeconomic outlook, a general mood of cautiousness is likely to prevail in the near term.

In addition, sales of the Industrial Automation and Semiconductor segments may fluctuate more than the other segments.

Notwithstanding the above factors, the Group continues to focus on strengthening the operations of its Mechatronics and EMS divisions. With its balance sheet showing net cash of S\$22.3 million, the Group is in a position to weather the macroeconomic risks. As such, the Group remains optimistic of its long term prospects.

On 14 September 2011, the Group and Juken Technology Limited ("Juken") jointly announced that both parties had entered into an indicative term sheet relating to the proposed acquisition by the Group of all the issued and paid up ordinary shares in the capital of Juken by way of a scheme of arrangement (the "Proposed Scheme").

Mechatronics Division

The Mechatronics Division continues to benefit from a healthy pipeline of new projects from existing and new customers. The majority of these projects are currently at the development stage which is typically a lengthy process of between 2 to 3 years.

The Mechatronics Division continues to explore plans for the expansion of its production facilities in The Netherlands. It is also adding and developing its human capital talent in Asia to strengthen the engineering and manufacturing capabilities of its Asian operations. In addition, the division is considering the feasibility of establishing a design, development and engineering support centre in the USA to better service its existing and potential new customers.

Barring unforeseen circumstances and given the uncertain macroeconomic climate, the Group remains cautiously optimistic of the Mechatronics Division's performance in FY2011.

EMS Division

The EMS Division has sufficient orders and projects in the pipeline to fully utilise its current capacity and remains optimistic of its prospects in the automotive business segment.

To cater for future production launches and further growth of the Automotive and Office Automation segments, the EMS Division is in the process of expanding its production facilities in Penang, Malaysia. In addition, the Group is evaluating various options to expand its automotive business into growth markets such as China and India. These options include, but are not limited to the Proposed Scheme. As per the announcement on 14 September 2011, the Group is presently conducting its due diligence on Juken.

While the Group is optimistic of the automotive business, the unstable currency exchange rates coupled with the higher costs associated with the Division's learning curve, continue to pose short-term challenges to the EMS Division's performance in FY 2011.

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)	
	9 months ended	
	30/09/11 \$'000	30/09/10 \$'000
Not applicable	-	-

BY ORDER OF THE BOARD

Gooi Soon Hock
Executive Director
14-Nov-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 third 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, 14 November 2011