



# FRONTKEN CORPORATION BERHAD

(Co. No. 651020-T)  
(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2015

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31 Mar 2015 RM '000	Preceding Year Corresponding Quarter 31 Mar 2014 RM '000	Current Year To-date 31 Mar 2015 RM '000	Preceding Year Corresponding Period 31 Mar 2014 RM '000
Revenue	77,218	48,202	77,218	48,202
Operating expenses	(66,530)	(40,594)	(66,530)	(40,594)
Profit before depreciation and finance costs	10,688	7,608	10,688	7,608
Depreciation	(4,631)	(4,666)	(4,631)	(4,666)
Finance costs	(374)	(293)	(374)	(293)
Other operating income	5,100	3,293	5,100	3,293
Share of results of associated companies	(22)	29	(22)	29
Profit before tax	10,761	5,971	10,761	5,971
Taxation	(2,375)	(684)	(2,375)	(684)
Profit after tax	8,386	5,287	8,386	5,287
Other comprehensive expenses:				
Foreign currency translation	5,754	(1,225)	5,754	(1,225)
Total comprehensive income for the period	14,140	4,062	14,140	4,062
Profit after tax attributable to :				
Owners of the Company	6,819	4,582	6,819	4,582
Non-controlling interests	1,567	705	1,567	705
Profit for the period	8,386	5,287	8,386	5,287
Total comprehensive income attributable to:				
Owners of the Company	10,247	4,113	10,247	4,113
Non-controlling interests	3,893	(51)	3,893	(51)
Total comprehensive income for the period	14,140	4,062	14,140	4,062
Earnings per share attributable to equity holders of the company :				
Basic (sen)	0.67	0.45	0.67	0.45

The condensed consolidated income statement is to be read in conjunction with the accompanying notes to the interim financial report.

The comparative figures are based on unaudited financial statements of the Company for the financial period ended 31 March 2014.



# FRONTKEN CORPORATION BERHAD

(Co. No. 651020-T)  
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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

(The figures have not been audited)

	Unaudited <u>31 Mar 2015</u> RM'000	Audited <u>31 Dec 2014</u> RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	136,703	135,551
Investment in associated companies	1,774	1,733
Goodwill on consolidation	33,761	33,761
Deferred tax assets	1,140	1,063
Fixed deposits with licensed banks	1,112	911
<b>Total non-current assets</b>	<u>174,490</u>	<u>173,019</u>
<b>Current assets</b>		
Inventories	10,508	10,272
Amount owing by contract customer	5,724	1,837
Trade receivables	96,791	101,842
Other receivables, deposits and prepaid expenses	6,288	5,284
Amount owing by associates	1,209	1,184
Fixed deposits with licensed banks	19,294	11,369
Cash and bank balances	54,819	51,575
<b>Total current assets</b>	<u>194,633</u>	<u>183,363</u>
<b>Total assets</b>	<u>369,123</u>	<u>356,382</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserve</b>		
Issued capital	105,344	101,141
Reserves	29,752	22,980
Retained earnings	89,502	82,683
Equity attributable to owners of the Company	<u>224,598</u>	<u>206,804</u>
Non-controlling interests	36,806	32,913
<b>Total equity</b>	<u>261,404</u>	<u>239,717</u>
<b>Non-current liabilities</b>		
Bank borrowings	23,980	24,347
Hire-purchase payables	777	1,039
Deferred tax liabilities	2,414	2,572
<b>Total non-current liabilities</b>	<u>27,171</u>	<u>27,958</u>
<b>Current liabilities</b>		
Trade payables	33,792	36,836
Other payables and accrued expenses	27,344	35,976
Bank borrowings	12,629	10,775
Hire purchase payable	1,247	1,377
Tax liabilities	5,536	3,743
<b>Total current liabilities</b>	<u>80,548</u>	<u>88,707</u>
<b>Total liabilities</b>	<u>107,719</u>	<u>116,665</u>
<b>Total equity and liabilities</b>	<u>369,123</u>	<u>356,382</u>
<b>Net assets per share (RM)</b>	0.25	0.24

### Notes :

The condensed consolidated balance sheet is to be read in conjunction with the accompanying notes to the interim financial report.

The comparative figures are based on audited financial statements of the Company for the financial year ended 31 December 2014.



# FRONTKEN CORPORATION BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2015

(The figures have not been audited)

	<----- Non-distributable ----->					Distributable			
	Foreign currency					Attributable to			
	Share capital	Share premium	Treasury shares	translation reserve	Warrant reserve	Statutory reserve	Retained earnings	owners of the Company	Non-controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of 1 January 2015	101,141	9,337	(565)	12,034	883	1,291	82,683	206,804	32,913
Other comprehensive income recognised for the period:									
Foreign currency translation	-	-	-	3,428	-	-	-	3,428	2,326
Profit for the period	-	-	-	-	-	-	6,819	6,819	1,567
Total comprehensive income for the period	-	-	-	3,428	-	-	6,819	10,247	3,893
Warrants									
- exercise of warrants	4,203	3,490	-	-	(128)	-	-	7,565	-
- lapse of unexercised warrants	-	755	-	-	(755)	-	-	-	-
Purchase of treasury shares	-	-	(18)	-	-	-	-	(18)	-
<b>Balance as of 31 March 2015</b>	<b>105,344</b>	<b>13,582</b>	<b>(583)</b>	<b>15,462</b>	<b>-</b>	<b>1,291</b>	<b>89,502</b>	<b>224,598</b>	<b>36,806</b>

## CORRESPONDING PERIOD CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2014

	<----- Non-distributable ----->					Distributable			
	Foreign currency					Attributable to			
	Share capital	Share premium	Treasury shares	translation reserve	Warrant reserve	Statutory reserve	Retained earnings	owners of the Company	Non-controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of 1 January 2014	101,141	9,337	(196)	9,671	883	680	64,787	186,303	27,924
Other comprehensive income recognised for the period:									
Foreign currency translation	-	-	-	(469)	-	-	-	(469)	(756)
Profit for the period	-	-	-	-	-	-	4,582	4,582	705
Total comprehensive income for the period	-	-	-	(469)	-	-	4,582	4,113	(51)
Purchase of treasury shares	-	-	(1)	-	-	-	-	(1)	-
<b>Balance as of 31 March 2014</b>	<b>101,141</b>	<b>9,337</b>	<b>(197)</b>	<b>9,202</b>	<b>883</b>	<b>680</b>	<b>69,369</b>	<b>190,415</b>	<b>27,873</b>

The condensed consolidated statement of changes in equity is to be read in conjunction with the accompanying notes to the interim financial report.



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2015**

(The figures have not been audited)

	<b>CUMULATIVE QUARTER</b>	
	<b>Current Period To Date</b>	<b>Preceding Corresponding Period</b>
	<b>31 Mar 2015 RM'000</b>	<b>31 Mar 2014 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	10,761	5,971
Adjustments for:		
Depreciation of property, plant and equipment	4,631	4,666
Interest expense	374	293
Unrealised (gain)/loss on foreign exchange	(2,383)	241
Interest income	(139)	(32)
Loss/(Gain) on disposal of property, plant and equipment	-	(18)
Writeback of allowance for impairment losses on trade receivables	(572)	(138)
Allowance for impairment losses on receivables	54	60
Gain on disposal of investment in associates	-	(2,945)
Share of results of associates	22	(29)
Operating profit before working capital changes	12,748	8,069
Inventories	(18)	(30)
Amount due from contract customers	(3,887)	(596)
Trade receivables	9,967	(4,734)
Other receivables, deposits and prepaid expenses	(813)	(5,693)
Amount owing by associates	(1)	179
Trade payables	(3,774)	(69)
Other payables and accrued expenses	(10,486)	1,501
Cash generated from operations	3,736	(1,373)
Taxes paid	(1,028)	(168)
Net cash from/(for) operating activities	2,708	(1,541)
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	139	32
Purchase of property, plant and equipment	(911)	(306)
Proceeds from disposal of associates	-	4,415
Proceeds from disposal of property, plant and equipment	-	18
Net (placement)/withdrawn of fixed deposits with licensed banks	6,675	(1,780)
Net cash from investing activities	5,903	2,379



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	<b>CUMULATIVE QUARTER</b>	
	<b>Current Period To Date 31 Mar 2015 RM'000</b>	<b>Preceding Corresponding Period 31 Mar 2014 RM'000</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Interest paid	(374)	(293)
Proceeds from issuance of shares	7,565	-
Drawdown of term loans	1,755	-
Repayment of term loans	(1,134)	(2,613)
Payment of hire purchase payables	(423)	(783)
Treasury shares acquired	(18)	(1)
Net cash from/(for) financing activities	7,371	(3,690)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	15,982	(2,852)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	52,575	36,414
<b>EFFECT OF EXCHANGE DIFFERENCES</b>	2,062	(235)
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	70,619	33,327
<b>THE CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	54,819	35,136
Fixed deposits with licensed banks	20,406	2,478
Bank overdraft	-	(1,809)
	75,225	35,805
Less: Fixed deposits pledged with banks	(4,606)	(2,478)
Cash and cash equivalents	70,619	33,327

The condensed consolidated cash flow statement is to be read in conjunction with the accompanying notes to the interim financial report.

The comparative figures are based on unaudited financial statements of the Company for the financial period ended 31 March 2014.



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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015**

**A NOTES TO THE INTERIM FINANCIAL REPORT**

**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements outlined in the Malaysian Financial Reporting Standards ("MFRS") No.134 : Interim Financial Reporting, and Paragraph 9.22 of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2014.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of Frontken Corporation Berhad ("FCB" or "the Company"), its subsidiaries and associated companies since the financial year ended 31 December 2014.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2014 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2015. The adoption of the MFRSs and Amendments do not have significant impact on the financial statements of the Group.

**A2. Realised and Unrealised Profits or Losses**

	As at 31 Mar 2015 RM'000	As at 31 Mar 2014 RM'000
Total retained profits of FCB and its subsidiaries		
- Realised	103,515	84,054
- Unrealised	1,752	(3,961)
	105,267	80,093
Total share of retained profits from associated companies		
- Realised	318	2,248
- Unrealised	-	-
	318	2,248
Less: Consolidation adjustments	(16,083)	(12,972)
Total Group retained profits	89,502	69,369

**A3. Audit qualification**

The auditors' report in respect of the audited consolidated financial statements of FCB for the financial year ended 31 December 2014 was not subjected to any qualification.



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**A4. Seasonality or cyclicity of interim operations**

The Group's business operations were not materially affected by any seasonal or cyclical factors during the quarter under review.

**A5. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no items or events that arose, which affected the assets, liabilities, equity, net income or cash flows, of the Group that are unusual by reason of their nature, size or incidence during the current quarter:

**A6. Material changes in estimates**

There were no changes in estimates that had a material effect on the current quarter's results.

**A7. Issuance, cancellations, repurchases, resale and repayments of debt and equity securities**

Save as disclosed below, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares or resale of treasury shares during the current quarter:

- (a) The Company increased its issued and paid-up share capital from RM101,140,816 to RM105,343,513 by the issuance of 42,026,970 new ordinary shares of RM0.10 each pursuant to the exercise of 42,026,970 warrants at an exercise price of RM0.18 per warrant. The warrants were exercised on various dates in year 2015 before the expiry date of the warrant on 10 March 2015.

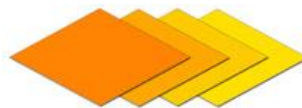
The new ordinary shares issued are rank pari passu with the existing issued ordinary shares of the Company.

- (b) The Company purchased 100,000 of its own ordinary shares of RM0.10 each on the market of Bursa Securities at an average buy-back price of RM0.175 per share. The total consideration paid for the acquisition of the shares was RM17,628 and was financed by internally generated funds. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 March 2015, the Company held 4,966,600 repurchased shares as treasury shares out of its total issued and paid-up share capital of 1,053,435,130 ordinary shares of RM0.10 each. Such treasury shares are held at a carrying amount of RM582,623.

**A8. Dividends**

No dividends were paid and/or declared during the quarter under review.



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**A9. Segmental information**

The breakdown of the Group's revenue and results by geographical regions for the quarter ended 31 March 2015 are set out below. Revenue and results by geographical sales were based on the location of the Group's subsidiaries.

**Current Quarter  
31 March 2015**

	<u>Singapore</u>	<u>Malaysia</u>	<u>Philippines</u>	<u>Indonesia</u>	<u>Taiwan</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Segment Revenue</u>						
External sales	11,647	37,663	3,623	844	23,441	77,218
Inter-segment sales	1,558	242	188	-	25	2,013
Total revenue	13,205	37,905	3,811	844	23,466	79,231

Segment Results

Operating profit/(loss)	(434)	5,571	788	51	5,042	11,018
Interest income						139
Finance cost						(374)
Share of results in associates						(22)
Profit before taxation						10,761

**Current Year-to-date  
31 March 2015**

<u>Segment Revenue</u>						
External sales	11,647	37,663	3,623	844	23,441	77,218
Inter-segment sales	1,558	242	188	-	25	2,013
Total revenue	13,205	37,905	3,811	844	23,466	79,231





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**Current Year-to-date  
31 March 2015**

	<b>Singapore</b>	<b>Malaysia</b>	<b>Philippines</b>	<b>Indonesia</b>	<b>Taiwan</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Segment Results</u>						
Operating profit/(loss)	(434)	5,571	788	51	5,042	11,018
Interest income						139
Finance cost						(374)
Share of results in associates						(22)
Profit before taxation						<u>10,761</u>

Disclosure of segmental information of the Group by business segment is not presented as the Group is primarily engaged in only one business segment which is the provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes, including mechanical and chemical engineering works.



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**A10. Profit before tax**

Profit before tax is arrived at after crediting/(charging) the following:

	<b>Current Quarter 31 Mar 2015 RM'000</b>	<b>Current Year-to-date 31 Mar 2015 RM'000</b>
Interest income	139	139
Writeback of allowance for impairment losses	572	572
Foreign exchange gain	3,303	3,303
Allowance for impairment losses	(54)	(54)
Interest expense	(374)	(374)
Depreciation of property, plant and equipment	<u>(4,631)</u>	<u>(4,631)</u>

**A11. Valuation of property, plant and equipment**

There was no revaluation of property, plant and equipment during the quarter under review.

**A12. Material events subsequent to the end of the quarter**

There were no material events subsequent to the end of the current quarter under review up to the date of this report.

**A13. Changes in the composition of the Group**

There were no changes in the composition of the Group for the current quarter under review.

**A14. Contingent liabilities**

As at 31 March 2015, the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position of the Group.

**A15. Cash and cash equivalents**

	<b>As at 31 Mar 2015 RM'000</b>
Cash at bank	54,720
Cash on hand	99
Fixed deposits	<u>20,406</u>
	75,225
Less: Fixed deposits pledged with banks	<u>(4,606)</u>
	<u>70,619</u>



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**A16. Significant related party transactions**

	<b>Current Quarter 31 Mar 2015</b>	<b>Current Year-to-date 31 Mar 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Sales to AMT	12	12
Sales to Cleanpart Group	72	72
Purchase from TTM	201	201
Purchases from FT	1	1
Rental payable to AMT	36	36
Rental payable to TTM	25	25

<b>Name of Related Parties</b>	<b>Relationship</b>
AMT	Sia Chiok Meng, a Director of FEM, is also a director and substantial shareholder of AMT.
A&I	Sia Chiok Meng, a director of FEM, is also a director and substantial shareholder of A&I.
FT	An associate of Frontken (Singapore) Pte Ltd which in turn is a wholly owned subsidiary of the Company.
TTM	Mohd Shukri Bin Hitam and Fauziah Binti Hamlawi, directors and shareholders of TTES, are also directors and shareholders of TTM.
Cleanpart	Jorg Helmut Hohnloser, a director and shareholders of the Company, is also a director and shareholder of Cleanpart.

Abbreviations:

<i>AMT</i>	<i>AMT Engineering Sdn Bhd</i>	<i>FEM</i>	<i>Frontken (East Malaysia) Sdn Bhd</i>
<i>A&amp;I</i>	<i>A&amp;I Engine Rebuilders Sdn Bhd</i>	<i>FT</i>	<i>Frontken (Thailand) Co. Ltd</i>
<i>TTES</i>	<i>TTES Frontken Integrated Services Sdn. Bhd. (formerly known as TTES Team &amp; Specialist Sdn Bhd)</i>	<i>Cleanpart</i>	<i>Cleanpart GmbH</i>
		<i>TTM</i>	<i>Tenaga-Tech (M) Sdn Bhd</i>

**A17. Capital commitments**

Capital expenditure of the Group approved by the Directors but not provided for in the condensed financial statements are as follows:

	<b>As at 31 Mar 2015 RM'000</b>
Acquisition of machinery and equipment	310



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**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**

**B1. Analysis of performance**

The Group's revenue for the 3 months ended 31 March 2015 ("FY2015") saw an increase of approximately RM29.0 million (60.2%) compared to the preceding year corresponding period. This was mainly attributable to the improved business performance for the Group's subsidiaries in Taiwan and Malaysia. There was a ramp up in the semi-conductor business in Taiwan due to improved outlook in this sector. In the case of Malaysia, the better performance was mainly due to the recognition of progressive revenue from the ATB project at Tanjung Bin coupled with higher revenue from both our oil and gas and semi-conductor divisions. For the Group's subsidiaries in Singapore, we encountered a drop in business in view of the slowdown and deferment of projects by the customers.

Against the same period last year, the profit before tax increased by approximately RM4.8 million as a result of improved business and foreign exchange gain despite a one-off gain on disposal of an associate company in Q1 2014.

**B2. Comparison with immediate preceding quarter**

	<b>1st Quarter 31 Mar 2015</b>	<b>4th Quarter 31 Dec 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	77,218	105,052
Profit before tax	10,761	9,916

The Group's revenue was 26.5% lower or approximately RM27.8 million during the current quarter as compared to the immediate preceding quarter. This was mainly due to lower sales by its subsidiaries in Singapore, Malaysia and Taiwan. Historically, the Group's Q1 revenue was always lower due to the shorter business period.

Despite the lower revenue, the Group's unaudited PBT increased from RM9.9 million in the immediate preceding quarter to RM10.8 million in the current quarter. This was mainly attributable to the improved operating profit in our Malaysia, Taiwan and Philippines subsidiaries.

**B3. Prospects for the year**

The Group recorded an improved first quarter results compared to the same period last year. The improvement in business and operating performance augur well with us as the Group anticipates that the overall business conditions this year will be increasingly challenging amidst uncertain global economic conditions in regional economies.

In the year 2015, our priority will be to continue to focus our attention on the quality of our services and efficiencies so as to maintain our competitiveness. Over the years the Group has embarked on a series of improvement measures including cutting its cost base, improving cross selling for greater operational synergies, and implementing best practice margin management and sourcing strategy to deliver better value propositions to customers.



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The Group is pleased with the improved performance of our Malaysia, Taiwan and Philippines subsidiaries and continues to be optimistic that they will contribute positively to the Group in 2015. However, the business in Singapore will continue to be challenging in light of the higher operating costs in that market.

Amidst the encouraging business developments, the Group is cautious of year 2015 as the uncertainties of the domestic and overseas markets could continue to run through the rest of the year. The Group remains positive of its business and would continue to look for opportunity to grow.

**B4. Variance in profit forecast**

Not applicable as no profit forecast or profit guarantee has been announced or disclosed in a public document previously.

**B5. Taxation**

	<b>Current Quarter 31 Mar 2015</b>	<b>Current Year-to-date 31 Mar 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax	2,599	2,599
Deferred tax	(224)	(224)
	<b>2,375</b>	<b>2,375</b>

The Group's effective tax rate for the period under review is lower than the statutory tax rate principally due to relatively lower statutory tax rate of overseas subsidiary.

**B6. Status of corporate proposals**

There were no corporate proposals that were announced but not completed.

**B7. Group borrowings**

The Group's borrowings as at 31 March 2015 are as follows:

	<b>Short-term</b>	<b>Long-term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Secured</u>			
Hire purchase creditors	1,247	777	2,024
Term loans	12,629	23,980	36,609
	<b>13,876</b>	<b>24,757</b>	<b>38,633</b>

The Group's borrowings that are not denominated in functional currency are as follows:

	<b>Short-term</b>	<b>Long-term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Currency</u>			
Singapore Dollar	10,673	6,765	17,438
New Taiwan Dollar	-	8,312	8,312
	<b>10,673</b>	<b>15,077</b>	<b>25,750</b>



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**B8. Material litigations**

Save as disclosed below, the Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings as at 21 May 2015:

**(a) Litigation by Frontken Malaysia Sdn Bhd (“FM”) against an ex-senior management personnel and 5 others (“collectively known as Defendants”)**

Following the resignation of a senior management personnel of FM, a wholly-owned subsidiary of the Company, in 2012 the Board of Directors of the Company (the “Board”) was made aware that there may be some irregular dealings between FM and its suppliers.

On 1 October 2012, Messrs Crowe Horwath was appointed to carry out a special investigative audit. Messrs Crowe Horwath issued a report on 18 February 2013 followed by an Expanded and Revised Investigative Audit Report on 3 June 2013.

The Company had on 11 June 2013 lodged a police report at the Police Headquarters, Commercial Crime Investigation Department at Bukit Aman on the alleged financial irregularities.

A civil suit had also been lodged against an ex-senior management personnel and 5 others (“collectively known as Defendants”) in the High Court of Penang for inter alia recovery of monies identified to have been wrongfully paid out by FM to some of the Defendants in view of the findings of the Investigative Audit conducted by Messrs Crowe Horwarth.

An ex-parte Mareva Injunction Order was subsequently obtained by FM against one of the Defendants on 2 August 2013. This was followed by an ex-parte Ad Interim order dated 16 August 2013. In essence, the purpose of the ex-parte Orders was to freeze his assets. FM’s Mareva application against the one of the Defendant was allowed by consent on 18 March 2014. The main civil suit has been fixed for case management on 16 March 2015. The trial dates have been fixed from 21 to 23 July 2015.

In respect of the main civil suit, some of the Defendants filed Defences and Counterclaims against FM and some of its existing senior management. The aforesaid counterclaims are being resisted by FM as well as its senior management.

The Board has lodged a second police report on one of the Defendants for fraudulently and/or unlawfully altered the emails details in the Defendant affidavits for attempting to mislead the Court and pervert the course of justice.



**FRONTKEN CORPORATION BERHAD**

(Co. No. 651020-T)  
(Incorporated in Malaysia)

**B9. Earnings per share (“EPS”)**

**(a) Basic EPS**

The calculation of the basic EPS is based on the net profit for the financial period under review divided by the number of ordinary shares of RM0.10 each in issue.

	<b>Current Quarter</b>	<b>Preceding Corres- ponding Quarter</b>	<b>Current Year-to- date</b>	<b>Preceding Corres- ponding Year-to- date</b>
Profit/(Loss) attributable to owners of the Company (RM'000)	6,819	4,582	6,819	4,582
Number of shares in issue ('000)	1,011,408	1,011,408	1,011,408	1,011,408
Effects of:				
Exercise of warrants ('000)	10,638	-	10,638	-
Treasury shares acquired ('000)	(1,887)	(1,850)	(1,887)	(1,850)
Weighted average number of shares in issue ('000)	1,020,159	1,009,558	1,020,159	1,009,558
Basic EPS (sen)	0.67	0.45	0.67	0.45

**b) Diluted EPS**

No diluted EPS has been presented as the Group does not have any dilutive potential ordinary shares in issue as at the Balance Sheet date.

**B10. Dividends**

No dividend has been declared for the current quarter ended 31 March 2015.

By Order of the Board  
Frontken Corporation Berhad

Ng Wai Pin  
Chairman / Managing Director  
29 May 2015