



# FRONTKEN CORPORATION BERHAD

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

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 (The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 Sept 2016 RM '000	Preceding Year Corresponding Quarter 30 Sept 2015 RM '000	Current Year To-date 30 Sept 2016 RM '000	Preceding Year Corresponding Period 30 Sept 2015 RM '000
Revenue	64,592	68,855	186,228	212,716
Operating expenses	(51,572)	(69,018)	(157,037)	(196,200)
Profit before depreciation and finance costs	13,020	(163)	29,191	16,516
Depreciation	(4,306)	(4,474)	(12,743)	(13,691)
Finance costs	(289)	(364)	(889)	(1,110)
Other operating income	616	6,695	3,819	12,350
Share of results of associated companies	(56)	70	(84)	15
Profit before tax	8,985	1,764	19,294	14,080
Taxation	(1,628)	(1,382)	(4,871)	(4,281)
Profit after tax	7,357	382	14,423	9,799
Other comprehensive expenses:				
Foreign currency translation	5,949	17,019	589	28,313
Actuarial losses	-	(973)	-	(973)
Total comprehensive income for the period	13,306	16,428	15,012	37,139
Profit/(loss) after tax attributable to :				
Owners of the Company	5,420	(1,890)	9,172	4,206
Non-controlling interests	1,937	2,272	5,251	5,593
Profit for the period	7,357	382	14,423	9,799
Total comprehensive income attributable to:				
Owners of the Company	9,785	12,163	9,571	25,996
Non-controlling interests	3,521	4,265	5,441	11,143
Total comprehensive income for the period	13,306	16,428	15,012	37,139
Earnings/(loss) per share attributable to equity holders of the company :				
Basic (sen)	0.52	(0.18)	0.88	0.41

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 30 September 2015.



# FRONTKEN CORPORATION BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

(The figures have not been audited)

	Unaudited 30 Sept 2016 RM'000	Audited 31 Dec 2015 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	144,766	135,667
Investment in associated companies	1,969	2,009
Goodwill on consolidation	33,761	33,761
Deferred tax assets	1,425	1,406
<b>Total non-current assets</b>	<u>181,921</u>	<u>172,843</u>
<b>Current assets</b>		
Inventories	10,785	11,793
Trade receivables	81,157	87,030
Other receivables, deposits and prepaid expenses	7,635	6,124
Amount owing by associates	1,332	1,330
Tax recoverable	1,258	965
Investment	4,710	-
Fixed deposits with licensed banks	33,929	15,311
Cash and bank balances	67,255	94,487
<b>Total current assets</b>	<u>208,061</u>	<u>217,040</u>
<b>Total assets</b>	<u>389,982</u>	<u>389,883</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserve</b>		
Issued capital	105,344	105,344
Reserves	46,825	45,076
Retained earnings	94,190	86,135
Equity attributable to owners of the Company	<u>246,359</u>	<u>236,555</u>
Non-controlling interests	30,880	34,684
<b>Total equity</b>	<u>277,239</u>	<u>271,239</u>
<b>Non-current liabilities</b>		
Bank borrowings	20,468	26,013
Hire-purchase payables	412	439
Other payables	2,373	2,433
Deferred tax liabilities	3,172	3,446
<b>Total non-current liabilities</b>	<u>26,425</u>	<u>32,331</u>
<b>Current liabilities</b>		
Trade payables	17,636	31,125
Other payables and accrued expenses	42,431	35,018
Bank borrowings	21,741	16,177
Hire purchase payable	262	687
Tax liabilities	4,248	3,306
<b>Total current liabilities</b>	<u>86,318</u>	<u>86,313</u>
<b>Total liabilities</b>	<u>112,743</u>	<u>118,644</u>
<b>Total equity and liabilities</b>	<u>389,982</u>	<u>389,883</u>
<b>Net assets per share attributable to owners of the parents (RM)</b>	0.24	0.23

### 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 2015.



# FRONTKEN CORPORATION BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

(The figures have not been audited)

	<----- Non-distributable ----->					Distributable				
	Foreign currency					Attributable to owners of the Company				
	Share capital	Share premium	Treasury shares	translation reserve	Warrant reserve	Statutory reserve	Retained earnings	Non-controlling interests	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as of 1 January 2016	105,344	13,582	(599)	29,626	-	2,467	86,135	236,555	34,684	271,239
Other comprehensive income recognised for the period:										
Foreign currency translation	-	-	-	399	-	-	-	399	190	589
Profit for the period	-	-	-	-	-	-	9,172	9,172	5,251	14,423
Total comprehensive income for the period	-	-	-	399	-	-	9,172	9,571	5,441	15,012
Dividend paid by subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	(1,582)	(1,582)
Transfer to statutory reserve	-	-	-	-	-	1,414	(1,414)	-	-	-
Purchase of treasury shares	-	-	(64)	-	-	-	-	(64)	-	(64)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	297	297	(7,663)	(7,366)
Balance as of 30 September 2016	105,344	13,582	(663)	30,025	-	3,881	94,190	246,359	30,880	277,239

## CORRESPONDING PERIOD CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

	<----- 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	Total
	RM'000	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	239,717
Other comprehensive income recognised for the period:										
Defined benefit plan actuarial loss	-	-	-	-	-	-	(627)	(627)	(346)	(973)
Foreign currency translation	-	-	-	22,417	-	-	-	22,417	5,896	28,313
Profit for the period	-	-	-	-	-	-	4,206	4,206	5,593	9,799
Total comprehensive income for the period	-	-	-	22,417	-	-	3,579	25,996	11,143	37,139
Warrants										
- exercise of warrants	4,203	3,490	-	-	(128)	-	-	7,565	-	7,565
- lapse of unexercised warrants	-	755	-	-	(755)	-	-	-	-	-
Dividend paid by subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	(550)	(550)
Transfer to statutory reserve	-	-	-	-	-	1,143	(1,143)	-	-	-
Purchase of treasury shares	-	-	(34)	-	-	-	-	(34)	-	(34)
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	927	927	(7,200)	(6,273)
Balance as of 30 September 2015	105,344	13,582	(599)	34,451	-	2,434	86,046	241,258	36,306	277,564

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 THIRD QUARTER ENDED 30 SEPTEMBER 2016**

(The figures have not been audited)

	<b>CUMULATIVE QUARTER</b>	
	<b>Current Period To Date</b>	<b>Preceding Corresponding Period</b>
	<b>30 Sept 2016 RM'000</b>	<b>30 Sept 2015 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	19,294	14,080
Adjustments for:		
Depreciation of property, plant and equipment	12,743	13,691
Interest expense	889	1,110
Unrealised loss/(gain) on foreign exchange	527	(4,378)
Interest income	(513)	(561)
Loss/(Gain) on disposal of property, plant and equipment	138	(12)
Writeback of allowance for impairment losses on trade receivables	(41)	(572)
Plant and equipment written off	437	1,348
Impairment loss on plant and equipment	-	1,250
Impairment loss on plant and equipment no longer required	(334)	-
Allowance for impairment losses on receivables	45	56
Inventories written off	104	-
Loss on disposal of investment in a subsidiary	-	374
Share of results of associates	84	(15)
Operating profit before working capital changes	33,373	26,371
Inventories	855	391
Amount due from contract customers	-	(5,718)
Trade receivables	6,405	32,563
Other receivables, deposits and prepaid expenses	(1,474)	(2,290)
Amount owing by associates	(2)	29
Trade payables	(13,532)	(9,207)
Other payables and accrued expenses	6,615	216
Cash generated from operations	32,240	42,355
Taxes paid	(4,595)	(7,737)
Net cash from operating activities	27,645	34,618
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	501	561
Acquisition of additional interest in subsidiaries	(7,366)	(6,862)
Purchase of property, plant and equipment	(20,675)	(2,774)
Investment	(4,699)	-
Net cash outflow for disposal of a subsidiary	-	(785)
Proceeds from disposal of property, plant and equipment	77	15
Net withdrawal of fixed deposits with licensed banks	220	6,607
Net cash for investing activities	(31,942)	(3,238)



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	CUMULATIVE QUARTER	
	Current Period	Preceding
	To Date	Corresponding
	30 Sept 2016	30 Sept 2015
	RM'000	RM'000
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Interest paid	(889)	(1,110)
Proceeds from issuance of shares	-	7,565
Drawdown of term loans	10,380	2,027
Repayment of term loans	(10,702)	(3,641)
Payment of hire purchase payables	(612)	(1,219)
Treasury shares acquired	(64)	(34)
Dividend paid by subsidiaries to non-controlling interests	(1,582)	(550)
Net cash (for)/from financing activities	(3,469)	3,038
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(7,766)	34,418
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	105,117	52,575
<b>EFFECT OF EXCHANGE DIFFERENCES</b>	(628)	5,676
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<u>96,723</u>	<u>92,669</u>
<b>THE CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	67,255	81,602
Fixed deposits with licensed banks	33,929	15,741
	<u>101,184</u>	<u>97,343</u>
Less: Fixed deposits pledged with banks	(4,461)	(4,674)
Cash and cash equivalents	<u>96,723</u>	<u>92,669</u>

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 30 September 2015.



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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

**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 2015.

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 2015.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2016. 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**

	<b>As at 30 Sept 2016 RM'000</b>	<b>As at 30 Sept 2015 RM'000</b>
Total retained profits of FCB and its subsidiaries		
- Realised	117,997	102,952
- Unrealised	4,033	4,101
	<hr/> 122,030	<hr/> 107,053
Total share of retained profits from associated companies		
- Realised	282	356
Less: Consolidation adjustments	(28,122)	(21,363)
Total Group retained profits	<hr/> 94,190	<hr/> 86,046

**A3. Audit qualification**

The auditors' report in respect of the audited consolidated financial statements of FCB for the financial year ended 31 December 2015 was not subjected to any qualification.

**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.



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**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**

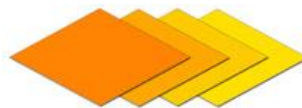
Saved as disclosed below, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations or resale of treasury shares during the current quarter.

The Company purchased 200,000 of its own shares of RM0.10 each on the market of Bursa Securities at an average buy-back price of RM0.15 per share. The total consideration paid for the acquisition of the shares was RM30,230 and was financed by internally generated funds.

As at 30 September 2016, the Company held 5,466,600 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 RM663,237.

**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 30 September 2016 are set out below. Revenue and results by geographical sales were based on the location of the Group's subsidiaries.

**Current Quarter  
30 September 2016**

	<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	9,419	16,264	4,328	796	33,785	64,592
Inter-segment sales	512	86	-	-	-	598
Total revenue	<u>9,931</u>	<u>16,350</u>	<u>4,328</u>	<u>796</u>	<u>33,785</u>	<u>65,190</u>

Segment Results

Operating profit/(loss)	(1,265)	1,213	796	59	8,363	9,166
Interest income						164
Finance cost						(289)
Share of results in associates						(56)
Profit before taxation						<u>8,985</u>

**Current Year-to-date  
30 September 2016**

<u>Segment Revenue</u>						
External sales	29,206	50,607	12,861	2,262	91,292	186,228
Inter-segment sales	1,796	394	45	-	55	2,290
Total revenue	<u>31,002</u>	<u>51,001</u>	<u>12,906</u>	<u>2,262</u>	<u>91,347</u>	<u>188,518</u>





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**Current Year-to-date  
30 September 2016**

	<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)	(6,338)	6,119	2,348	(85)	17,710	19,754
Interest income						513
Finance cost						(889)
Share of results in associates						(84)
Profit before taxation						<u>19,294</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 30 Sept 2016 RM'000</b>	<b>Current Year-to-date 30 Sept 2016 RM'000</b>
Interest income	164	513
Writeback of allowance for impairment losses	30	41
Impairment loss on plant and equipment no longer required	1	334
Foreign exchange gain/(loss)	1,776	(790)
Allowance for impairment losses on receivables	-	(45)
Interest expense	(289)	(889)
Loss on disposal of property, plant and equipment	(13)	(138)
Plant and equipment written off	(13)	(437)
Depreciation of property, plant and equipment	<u>(4,306)</u>	<u>(12,743)</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**

Saved as disclosed below, there were no changes in the composition of the Group for the current quarter under review.

On 26 July 2016, the Company acquired 615,314 ordinary shares of NT\$10 each representing 1.81% of the issued and paid-up share capital of Ares Green Technology Corporation ("AGTC") for a total cash consideration of NT\$11,937,092 (equivalent to RM1,493,567). Following the acquisition, the Group's interest in AGTC increased to 73.19%.

**A14. Contingent liabilities**

As at 30 September 2016, the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position of the Group.



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**A15. Cash and cash equivalents**

	<b>As at 30 Sept 2016 RM'000</b>
Cash at bank	67,168
Cash on hand	87
Fixed deposits	33,929
	<u>101,184</u>
Less: Fixed deposits pledged with banks	<u>(4,461)</u>
	<u>96,723</u>

**A16. Significant related party transactions**

	<b>Current Quarter 30 Sept 2016 RM'000</b>	<b>Current Year-to-date 30 Sept 2016 RM'000</b>
Sales to AMT	5	12
Sales to A&I	-	1
Sales to TTM	12	12
Purchase from AMT	1	1
Purchase from TTM	62	135
Rental payable to AMT	36	108

<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.
TTM	Mohd Shukri Bin Hitam and Fauziah Binti Hamlawi, directors and shareholders of TTES, are also directors and shareholders of TTM.

**Abbreviations:**

AMT	AMT Engineering Sdn Bhd	FEM	Frontken (East Malaysia) Sdn Bhd
A&I	A&I Engine Rebuilders Sdn Bhd	TTM	Tenaga-Tech (M) Sdn Bhd
TTES	TTES Frontken Integrated Services Sdn. Bhd.		

**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 30 Sept 2016 RM'000</b>
Plant improvement and equipment	<u>13,970</u>



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

**B1. Analysis of performance**

Current quarter's performance against the quarter ended 30 September 2015

The Group's revenue of RM64.6 million for the current quarter was 6.2% lower compared to the RM68.9 million achieved in the corresponding quarter ended 30 September 2015. This was mainly due to completion of the ATB project in the beginning of the third quarter of financial year 2015. Excluding the revenue derived from the ATB Project the current quarter's revenue would have been 1.1% lower compared to the corresponding quarter in 2015. Slowdown in our customers' business and cut in operating and capital expenditures by our customers had resulted in a drop of business for the Group's subsidiaries in Malaysia and Singapore. However, the Group's subsidiaries in Taiwan, Philippines and Indonesia performed much better particularly in Taiwan due to the continual growth in the semi-conductor industry.

The Group's profit before tax of RM9.0 million for the current quarter was RM7.2 million or 409.7% higher than the corresponding quarter's RM1.8 million. The higher profit was mainly due to improved performance by our subsidiaries in Taiwan, Philippines, Indonesia and Malaysia.

Current 9 months period's performance against the 9 months period ended 30 September 2015

The Group's revenue of RM186.2 million for the current period ended 30 September 2016 ("FY2016") was RM26.5 million lower than that achieved in the preceding year corresponding period. The lower revenue was mainly attributable to the cessation of revenue recognition from the ATB project in FY2016. However, if we were to exclude the revenue from the ATB Project, the revenue would have been 1.3% higher compared to the corresponding period.

The domestic economic situation remains challenging during the relevant period and slowdown in our customers' business and cut in operating and capital expenditures by our customers had resulted in a drop in business for the Group's subsidiaries in Singapore and Malaysia. Our subsidiary in Taiwan however continue to enjoy better business performance due to the positive growth of the semi-conductor business. The Group's subsidiaries in the Philippines and Indonesia have also achieved higher revenue in FY2016 attributable to the growing portfolio of our sales network.

Against the same period last year, the profit before tax ("PBT") for the 9 months ended 30 September 2016 increased by approximately 37.0% mainly because our unit in Taiwan performed better this year and also in 2015 we incurred losses in the ATB project.



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**B2. Comparison with immediate preceding quarter**

	<b>3rd Quarter 30 Sept 2016</b>	<b>2nd Quarter 30 Jun 2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	64,592	62,848
Profit before tax	8,985	8,426

The Group's revenue was 2.8% or approximately RM1.7 million higher during the current quarter as compared to the immediate preceding quarter. This was mainly due to improved business performance by our subsidiaries in Taiwan and Philippines.

The Group's improved unaudited profit before tax for the current quarter was mainly attributable to higher revenue and higher foreign exchange gain as compared to the immediate preceding quarter.

**B3. Prospects for the year**

The Group anticipates the overall business conditions in the remaining 3 months of the current financial year to remain challenging amidst uncertain global economic conditions in the region. We will continue to focus our attention on the quality of our services and efficiencies so as to maintain our competitiveness and is therefore cautiously optimistic that our performance for the remaining months will be satisfactory.

Accepting that the Group's overall margin will continue to be thinner as a result of cost-down by our customers for the months to come, we will continue to be vigilant in our cost management and continually explore ways to improve on our efficiency to enhance our profitability.

We are pleased with the performance of our Malaysian, Taiwanese and Philippines subsidiaries during this period and continue to be optimistic that they will contribute positively to the Group in 2016. We are also encouraged by the improved business performance of our Indonesia subsidiary and will continue to strive for the turn-around of this business unit. However, the business in Singapore will continue to be challenging in light of the higher operating costs and significant business slowdown in that market.

Overall, 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.



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**B5. Taxation**

	<b>Current Quarter 30 Sept 2016 RM'000</b>	<b>Current Year-to-date 30 Sept 2016 RM'000</b>
Income tax	1,609	5,152
Deferred tax	19	(281)
	1,628	4,871

The Group's effective tax rate for the period under review was higher than the statutory tax rate principally due to losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries.

**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 30 September 2016 are as follows:

	<b>Short-term RM'000</b>	<b>Long-term RM'000</b>	<b>Total RM'000</b>
<u>Secured</u>			
Hire purchase creditors	262	412	674
Term loans	21,741	20,468	42,209
	22,003	20,880	42,883

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

	<b>Short-term RM'000</b>	<b>Long-term RM'000</b>	<b>Total RM'000</b>
<u>Currency</u>			
Singapore Dollar	18,521	4,748	23,269
New Taiwan Dollar	1,324	13,236	14,560
	19,845	17,984	37,829

**B8. Material litigations**

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, which might materially affect the financial position or business of the Group as at 18 November 2016.



**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.

	Current Quarter	Preceding Corres- ponding Quarter	Current Year-to- date	Preceding Corres- ponding Year-to- date
Profit/(Loss) attributable to owners of the Company (RM'000)	5,420	(1,890)	9,172	4,206
Number of shares in issue ('000)	1,053,435	1,011,408	1,053,435	1,011,408
Effects of:				
Exercise of warrants ('000)	-	42,027	-	31,679
Treasury shares acquired ('000)	(5,332)	(5,005)	(5,245)	(4,956)
Weighted average number of shares in issue ('000)	1,048,103	1,048,430	1,048,190	1,038,131
Basic EPS (sen)	0.52	(0.18)	0.88	0.41

**b) Diluted EPS**

No disclosure on diluted earnings per share as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

**B10. Dividends**

No dividend has been declared for the current quarter ended 30 September 2016.

By Order of the Board  
Frontken Corporation Berhad

Ng Wai Pin  
Chairman / Managing Director  
25 November 2016