

FRONTKEN CORPORATION BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
(The figures have not been audited)

	Individual Quarter				Cumulative Quarter			
	Current Year Quarter 31 Dec 2023 RM '000	Preceding Year Corresponding Quarter 31 Dec 2022 RM '000	Changes RM'000 (%)		Current Year To-date 31 Dec 2023 RM '000	Preceding Year Corresponding Period 31 Dec 2022 RM '000	Changes RM'000 (%)	
Revenue	131,487	135,273	(3,786)	(3)	500,149	517,183	(17,034)	(3)
Operating expenses	(84,885)	(89,930)	5,045	(6)	(321,574)	(332,117)	10,543	(3)
Profit before depreciation and finance costs	46,602	45,343	1,259	3	178,575	185,066	(6,491)	(4)
Depreciation	(5,243)	(4,668)			(20,242)	(17,591)		
Finance costs	(213)	(229)			(1,050)	(831)		
Other operating income	1,017	67			9,783	8,147		
Profit before tax	42,163	40,513	1,650	4	167,066	174,791	(7,725)	(4)
Taxation	(8,910)	(7,222)	(1,688)	23	(42,727)	(39,623)	(3,104)	8
Profit after tax	33,253	33,291	(38)	-	124,339	135,168	(10,829)	(8)
Profit after tax attributable to :								
Owners of the Company	29,707	29,843	(136)	-	111,951	123,292	(11,341)	(9)
Non-controlling interests	3,546	3,448			12,388	11,876		
Profit for the period	33,253	33,291			124,339	135,168		
Profit for the period	33,253	33,291			124,339	135,168		
Other comprehensive income:								
Actuarial gain	106	1,558			106	1,558		
Foreign currency translation	12,025	(5,306)			23,041	(16,009)		
Total comprehensive income for the period	45,384	29,543			147,486	120,717		
Total comprehensive income attributable to:								
Owners of the Company	40,977	26,442			133,674	110,082		
Non-controlling interests	4,407	3,101			13,812	10,635		
Total comprehensive income for the period	45,384	29,543			147,486	120,717		
Earnings per share attributable to equity holders of the company :								
Basic (sen)	1.89	1.90			7.12	7.84		

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 audited financial statements of the Company for the financial year ended 31 December 2022.

FRONTKEN

FRONTKEN CORPORATION BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(The figures have not been audited)

	Unaudited 31 Dec 2023 RM'000	Audited 31 Dec 2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	236,223	229,265
Right-of-use assets	35,218	35,561
Other receivables and prepaid expenses	992	161
Goodwill on consolidation	33,761	33,761
Deferred tax assets	1,464	1,447
Total non-current assets	<u>307,658</u>	<u>300,195</u>
Current assets		
Inventories	22,330	21,282
Trade receivables	118,974	124,086
Other receivables, deposits and prepaid expenses	16,921	17,752
Short-term investments	32,648	11,985
Fixed deposits with licensed banks	70,840	13,161
Cash and bank balances	316,173	317,359
Total current assets	<u>577,886</u>	<u>505,625</u>
Total assets	<u>885,544</u>	<u>805,820</u>
EQUITY AND LIABILITIES		
Capital and reserve		
Share capital	118,441	118,441
Treasury shares	(3,739)	(4,748)
Reserves	526,465	434,775
Equity attributable to owners of the Company	641,167	548,468
Non-controlling interests	46,735	39,454
Total equity	<u>687,902</u>	<u>587,922</u>
Non-current liabilities		
Borrowings	73	-
Lease liabilities	29,773	30,030
Other payables	351	826
Deferred tax liabilities	1,031	1,142
Total non-current liabilities	<u>31,228</u>	<u>31,998</u>
Current liabilities		
Trade payables	22,989	27,661
Other payables and accrued expenses	119,333	111,668
Borrowings	64	19,720
Lease liabilities	3,217	2,886
Current tax liabilities	20,811	23,965
Total current liabilities	<u>166,414</u>	<u>185,900</u>
Total liabilities	<u>197,642</u>	<u>217,898</u>
Total equity and liabilities	<u>885,544</u>	<u>805,820</u>
Net assets per share attributable to owners of the parents (RM)	0.41	0.35

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 2022.

FRONTKEN

FRONTKEN CORPORATION BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(The figures have not been audited)

	Non-distributable				Distributable				
	Share capital	Treasury shares	Foreign currency translation reserve	Statutory reserve	Share grant plan reserve	Retained earnings	Attributable to 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
Balance at 1 January 2023	118,441	(4,748)	39,624	33,862	4,184	357,105	548,468	39,454	587,922
Other comprehensive income recognised for the period:									
Defined benefit plan actuarial gain	-	-	-	-	-	96	96	10	106
Foreign currency translation	-	-	21,627	-	-	-	21,627	1,414	23,041
Profit for the period	-	-	-	-	-	111,951	111,951	12,388	124,339
Total comprehensive income for the period	-	-	21,627	-	-	112,047	133,674	13,812	147,486
Dividend									
- by the Company	-	-	-	-	-	(40,845)	(40,845)	-	(40,845)
- by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(6,382)	(6,382)
Distribution of treasury shares	-	1,009	-	-	(4,184)	3,175	-	-	-
Transfer to statutory reserve	-	-	-	11,680	-	(11,680)	-	-	-
Changes in ownership interests in a subsidiary that do not result in loss of control	-	-	-	-	-	(130)	(130)	(149)	(279)
Balance at 31 December 2023	118,441	(3,739)	61,251	45,542	-	419,672	641,167	46,735	687,902

CORRESPONDING PERIOD CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Non-distributable				Distributable				
	Share capital	Treasury shares	Foreign currency translation reserve	Statutory reserve	Share grant plan reserve	Retained earnings	Attributable to 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
Balance at 1 January 2022	118,441	(4,748)	54,277	24,517	-	308,368	500,855	34,225	535,080
Other comprehensive income recognised for the period:									
Defined benefit plan actuarial gain	-	-	-	-	-	1,443	1,443	115	1,558
Foreign currency translation	-	-	(14,653)	-	-	-	(14,653)	(1,357)	(16,010)
Profit for the period	-	-	-	-	-	123,292	123,292	11,876	135,168
Total comprehensive income for the period	-	-	(14,653)	-	-	124,735	110,082	10,634	120,716
Share grant plan	-	-	-	-	4,184	-	4,184	-	4,184
Dividend									
- by the Company	-	-	-	-	-	(64,409)	(64,409)	-	(64,409)
- by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(2,910)	(2,910)
Transfer to statutory reserve	-	-	-	9,345	-	(9,345)	-	-	-
Changes in ownership interests in a subsidiary that do not result in loss of control	-	-	-	-	-	(2,244)	(2,244)	(2,495)	(4,739)
Balance at 31 December 2022	118,441	(4,748)	39,624	33,862	4,184	357,105	548,468	39,454	587,922

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

FRONTKEN CORPORATION BERHAD

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Year To Date	Preceding Corresponding Year
	31 Dec 2023 RM'000	31 Dec 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	167,066	174,791
Adjustments for:		
Depreciation of property, plant and equipment	16,598	14,332
Depreciation of right-of-use assets	3,644	3,259
Interest expense	1,050	831
Unrealised gain on foreign exchange	1,473	(1,603)
Interest income	(4,521)	(1,247)
Gain on disposal of short-term investment	(176)	-
Gain on disposal of property, plant and equipment	(929)	(34)
Allowance for impairment losses on receivables (reversed)/made	(493)	760
Plant and equipment written off	46	45
Fair value gain on short-term investments	(633)	(77)
Inventories written down	28	-
Share grant plan	-	4,184
Operating profit before working capital changes	183,153	195,241
Inventories	(355)	(2,371)
Trade receivables	10,029	(11,716)
Other receivables, deposits and prepaid expenses	685	(8,100)
Trade payables	(5,500)	6,755
Other payables and accrued expenses	3,317	(888)
Cash generated from operations	191,329	178,921
Taxes paid	(46,815)	(36,058)
Net cash from operating activities	144,514	142,863
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	4,521	1,247
Additional investment in an existing subsidiary	(279)	(4,739)
Purchase of property, plant and equipment	(15,144)	(52,660)
Investment	-	(2,914)
Proceeds from disposal of short-term investments	1,159	-
Proceeds from disposal of property, plant and equipment	1,036	35
Net (placement)/withdrawal of fixed deposits with licensed banks	(1)	347
Net cash for investing activities	(8,708)	(58,684)

FRONTKEN CORPORATION BERHAD

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

	CUMULATIVE QUARTER	
	Current Year To Date	Preceding Corresponding Year
	31 Dec 2023	31 Dec 2022
	RM'000	RM'000
CASH FLOWS FOR FINANCING ACTIVITIES		
Interest paid	(1,050)	(831)
Dividend paid by the Company	(40,845)	(64,409)
Dividend paid by a subsidiary to non-controlling interests	(6,382)	(2,085)
Drawdown of term loans	-	19,720
Repayment of term loans	(20,921)	-
Payment of lease liabilities	(3,153)	(3,024)
Net cash for financing activities	(72,351)	(50,629)
NET INCREASE IN CASH AND CASH EQUIVALENTS	63,455	33,550
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	327,442	302,359
EFFECT OF EXCHANGE DIFFERENCES	13,474	(8,467)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<u>404,371</u>	<u>327,442</u>
THE CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	316,173	317,359
Fixed deposits with licensed banks	70,840	13,161
Short-term investments - money market fund	29,991	9,083
	<u>417,004</u>	<u>339,603</u>
Less: Fixed deposits pledged with banks	(540)	(509)
Less: Fixed deposits with maturity more than 3 months	(12,093)	(11,652)
Cash and cash equivalents	<u>404,371</u>	<u>327,442</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 audited financial statements of the Company for the financial year ended 31 December 2022.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**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 2022.

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") and its subsidiaries since the financial year ended 31 December 2022.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2022 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2023. The adoption of the MFRSs and Amendments do not have significant impact on the financial statements of the Group.

A2. Audit qualification

The auditors' report in respect of the audited consolidated financial statements of FCB for the financial year ended 31 December 2022 was not subjected to any qualification.

A3. 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.

A4. 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.

A5. Material changes in estimates

The Company has not issued any revenue or profit estimate, forecast or target.

A6. Issuance, cancellations, repurchases, resale and repayments of debt and equity securities

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.

On 5 December 2023, the Company transferred 1,955,000 of its treasury shares for the settlement of shares granted to employees and directors of the Group under the share grant plan approved by the shareholders at an Extraordinary General Meeting held on 10 June 2022.

As at 31 December 2023, the Company held 7,246,250 repurchased shares as treasury shares out of its total issued and paid-up share capital of 1,580,152,675 ordinary shares. Such treasury shares are held at a carrying amount of RM3,739,069.

A7. Dividends

During the financial year ended 31 December 2023, the Company paid the following dividend:

Second single tier dividend on 13 July 2023, in respect of the financial year ended 31 December 2022, of 2.6 sen per share on 1,570,951,425 ordinary shares amounting to RM40,844,736.

FRONTKEN CORPORATION BERHAD

(Co. No. 651020-T)

(Incorporated in Malaysia)

A8. Segmental information

The breakdown of the Group's revenue and results by geographical regions for the quarter ended 31 December 2023 are set out below. Revenue and results by geographical sales were based on the location of the Group's subsidiaries.

Current Quarter	Singapore	Malaysia	Philippines	Indonesia	Taiwan	Total
31 December 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>						
External revenue	17,355	23,337	3,850	-	86,945	131,487
Inter-companies revenue	-	1,162	79	-	71	1,312
Total revenue	17,355	24,499	3,929	-	87,016	132,799
<u>Segment Results</u>						
Operating profit	2,907	4,092	532	(213)	33,603	40,921
Interest income						1,455
Finance cost						(213)
Profit before taxation						42,163
Current Year-to-date						
31 December 2023						
<u>Segment Revenue</u>						
External revenue	64,064	93,132	15,118	77	327,758	500,149
Inter-companies revenue	62	6,038	149	-	185	6,434
Total revenue	64,126	99,170	15,267	77	327,943	506,583

FRONTKEN

FRONTKEN CORPORATION BERHAD

(Co. No. 651020-T)

(Incorporated in Malaysia)

Current Year-to-date 31 December 2023

	Singapore	Malaysia	Philippines	Indonesia	Taiwan	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Segment Results</u>							
Operating profit	10,718	16,316	2,117	849	133,595	-	163,595
Interest income							4,521
Finance cost							(1,050)
Profit before taxation							167,066

Assets

Non-current assets							
- Property, plant and equipment	20,807	17,196	1,561	667	195,992	-	236,223
- Right-of-use assets	6,925	4,152	2,326	788	21,027	-	35,218
- Deferred tax assets	-	-	15	-	1,449	-	1,464
- Goodwill	-	33,761	-	-	-	-	33,761
- Other receivables	-	-	-	-	992	-	992
Current assets	40,441	44,554	22,797	608	441,828	27,655	577,883
Consolidated total assets							885,541

Liabilities

Tax liabilities	2,449	1,816	20	-	17,557	-	21,842
Segment liabilities	18,346	27,464	5,283	9,773	129,990	(15,059)	175,797
Consolidated total liabilities							197,639

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 treatment technology using thermal spray coating processes and a series of complementary processes, including mechanical and chemical engineering services.

FRONTKEN CORPORATION BERHAD

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

A9. Profit before tax

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

	Current Quarter 31 Dec 2023 RM'000	Current Year-to-date 31 Dec 2023 RM'000
Interest income	1,455	4,521
Fair value gain on short-term investments	76	633
Foreign exchange loss	(3,194)	(1,371)
Gain on disposal of property, plant and equipment	31	929
Gain on disposal of short-term investments	1	176
Reversal of allowance for impairment losses on receivables	467	493
Depreciation of property, plant and equipment	(4,326)	(16,598)
Depreciation of right-of-use assets	(917)	(3,644)
Interest expense	(213)	(1,050)
Inventories written back/(down)	10	(28)
Plant and equipment written off	(5)	(46)

A10. Valuation of property, plant and equipment

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

A11. 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.

A12. Changes in the composition of the Group

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

A13. Contingent liabilities

As at 31 December 2023, the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position of the Group.

FRONTKEN

FRONTKEN CORPORATION BERHAD

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

A14. Cash and cash equivalents

	As at 31 Dec 2023
	RM'000
Cash at bank	316,129
Cash on hand	44
Fixed deposits with licensed banks	70,840
Short-term investments – money market fund	29,991
	<u>417,004</u>
Less: Fixed deposits pledged with banks	(540)
Less: Fixed deposits with maturity period more than 3 months	(12,093)
	<u>404,371</u>

A15. Significant related party transactions

	Current Quarter 31 Dec 2023	Current Year-to-date 31 Dec 2023
	RM'000	RM'000
Sales to AMT	10	26
Sales to A&I	15	47
Sales to TTM	24	40
Purchase from AMT	-	2
Purchase from TTM	12	74
Rental payable to AMT	36	144
Rental payable to a director of a subsidiary	30	120

Name of Related Parties	Relationship
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.		

A16. Capital commitments

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

	As at 31 Dec 2023
	RM'000
Plant and equipment	<u>12,374</u>

FRONTKEN CORPORATION BERHAD

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

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Analysis of performance

Current quarter's performance against the quarter ended 31 December 2022

The Group's revenue for the current quarter ended 31 December 2023 decreased by approximately 3% compared to the preceding year corresponding quarter mainly due to lower contributions from our subsidiaries in Malaysia and Singapore. The slightly lower revenue recorded compared to the corresponding quarter was due to weaker demand from our customers in Singapore and Malaysia respectively.

Despite having a lower revenue, the profit after tax ("PAT") of RM33.3 million for the current quarter was approximately the same as the corresponding quarter. This was partly due to the interest income earned from placements with financial institutions amounting to RM1.4 million as compared to RM0.6 million earned in the preceding year corresponding quarter and reversal of allowance for impairment losses on receivables of RM0.5 million.

If we were to exclude the foreign currency exchange impact from the equation, the current quarter's PAT would have been RM36.4 million compared to RM35.8 million achieved in the preceding year corresponding quarter; an increase of 2%.

Current 12 months period's performance against the 12 months period ended 31 December 2022

The Group's revenue of RM500.1 million for the current year ended 31 December 2023 was 3% lower than that achieved in the previous corresponding year. This was mainly due to the slower demand from the semiconductor industry.

Compared to last year, the PAT for the Group decreased by 8% mainly due to lower revenue and higher withholding tax imposed on the dividend declared by our Taiwan subsidiary. If we were to exclude the withholding tax and foreign currency exchange impact from the equation, for a like for like comparison, the current year's performance would have only been 2.5% lower than the preceding corresponding year; a very commendable performance under very challenging operating environment for the space we operate in.

B2. Comparison with immediate preceding quarter

	4th Quarter 31 Dec 2023 RM'000	3rd Quarter 30 Sept 2023 RM'000
Revenue	131,487	133,523
Profit before tax	42,163	45,466
Profit after tax	33,253	29,972
Profit attributable to owners of the Company	29,707	26,746

The Group's revenue was 1.5% or approximately RM2.0 million lower sequentially mainly due to lower contributions from our subsidiaries in Taiwan, Malaysia and Singapore.

FRONTKEN CORPORATION BERHAD

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

The Group's improved PAT for the current quarter was partly attributable to the absence of the withholding tax imposed on the dividend received from our Taiwan subsidiary in the immediate preceding quarter. If we were to exclude the withholding tax and foreign currency exchange impact from the equation, the current quarter's performance would have been 4% higher than the immediate preceding quarter.

B3. Prospects

The Semiconductor Industry Association announced that the global semiconductor industry sales totaled \$526.8 billion in 2023, a decrease of 8.2% compared to the 2022 total of \$574.1 billion, which was the industry's highest-ever annual total. Sales picked up during the second half of 2023. The fourth quarter 2023 sales of \$146.0 billion were 11.6% more than the total from the fourth quarter of 2022 and 8.4% higher than the total from third quarter of 2023. The global sales for the month of December 2023 were \$48.6 billion, an increase of 1.5% compared to November 2023 total. Looking ahead, the global semiconductor market is projected to experience double-digit growth in 2024. To that end, we are cautiously optimistic of much better utilization of our new second facility in Taiwan. We are also very hopeful that a lot of projects we were working with our customers will come to fruition during the course of 2024. The consistent quarter performance since the third quarter of 2023 is an encouraging sign to a potentially strong growth in 2024.

As for the oil and gas industry, we are very encouraged by the performance of our business units in this sector and are hopeful that our business will continue to grow in 2024 due to increased orders from the various contracts for provision of engineering services, manpower supply and also mechanical rotating equipment services and parts that we have with the oil majors.

Amidst the positive developments, the Group will keep observing the current issues involving geopolitical tension, interest rates and inflationary pressure. At the same time, we will remain focused on the quality of our services to our customers and efficiencies in our operation so as to maintain our competitiveness and leadership and to deliver long term value to our stakeholders.

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

	Current Quarter 31 Dec 2023 RM'000	Current Year-to-date 31 Dec 2023 RM'000
Income tax	8,797	36,981
Deferred tax	113	132
Withholding tax	-	5,614
	8,910	42,727

Excluding the withholding tax paid for the dividend received from our Taiwan subsidiary, 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 subsidiaries.

FRONTKEN CORPORATION BERHAD

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

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 December 2023 are as follows:

	As at 31 Dec 2023		As at 31 Dec 2022	
	Foreign currencies RM'000	RM'000	Foreign currencies RM'000	RM'000
<u>Short-term</u>				
Hire Purchase Payables				
- Ringgit Malaysia	-	64	-	15
Term Loan				
Singapore Dollar	-	-	19,720	19,720
		<u>64</u>		<u>19,735</u>
<u>Long-term</u>				
Hire Purchase Payables				
- Ringgit Malaysia	-	73	-	56
		<u>137</u>		<u>19,791</u>

The Group's borrowings are denominated in functional currency as at 31 December 2023. As at 31 December 2022, The Group's short-term loan of RM19,720,000 are denominated in Singapore Dollar.

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 22 February 2024.

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 weighted average number of ordinary shares in issue after deducting treasury shares.

	Current Quarter	Preceding Corres- ponding Quarter	Current Year-to- date	Preceding Corres- ponding Year-to- date
Profit attributable to owners of the Company (RM'000)	29,707	29,843	111,951	123,292
Weighted average number of shares in issue (‘000)	1,572,906	1,571,899	1,572,906	1,571,899
Basic EPS (sen)	1.89	1.90	7.12	7.84

b) Diluted EPS

The potential conversion of warrants is anti-dilutive as its exercise price is higher than the average market price of the Company’s ordinary shares during the current financial period and hence, the diluted earnings per share is equal to the basic earnings per share.

B10. Dividends

The Board is pleased to announce a first single tier dividend of 2.2 sen per ordinary share in respect of the financial year ended 31 December 2023. The entitlement and payment dates will be announced at a later date.

This report has been approved by the Board of Directors on 22 February 2024.