



FRONTKEN CORPORATION BERHAD

(Co. No. 651020-T)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 Sept 2011 RM '000	Preceding Year Corresponding Quarter 30 Sept 2010 RM '000	Current Year To-date 30 Sept 2011 RM '000	Preceding Year Corresponding Period 30 Sept 2010 RM '000
Revenue	45,607	33,308	146,397	104,561
Operating expenses	<u>(40,380)</u>	<u>(26,642)</u>	<u>(126,115)</u>	<u>(80,268)</u>
Profit before amortisation, depreciation and finance costs	5,227	6,666	20,282	24,293
Depreciation and amortisation	(4,861)	(3,642)	(14,080)	(10,761)
Finance costs	(533)	(757)	(2,011)	(2,492)
Impairment of goodwill	-	-	-	(935)
Other operating income	1,100	(863)	2,054	108
Share of results of associated companies	<u>98</u>	<u>590</u>	<u>65</u>	<u>629</u>
Profit before taxation	1,031	1,994	6,310	10,842
Taxation	<u>(374)</u>	<u>(40)</u>	<u>(1,112)</u>	<u>(1,490)</u>
Profit for the period	<u>657</u>	<u>1,954</u>	<u>5,198</u>	<u>9,352</u>
Other comprehensive income:				
Exchange difference arising on translation of foreign operations	(434)	617	1,730	(2,531)
Other comprehensive income, net of tax	<u>(434)</u>	<u>617</u>	<u>1,730</u>	<u>(2,531)</u>
Total comprehensive income for the period	<u>223</u>	<u>2,571</u>	<u>6,928</u>	<u>6,821</u>
Profit attributable to :				
Equity holders of the company	65	1,993	4,232	9,376
Minority interests	<u>592</u>	<u>(39)</u>	<u>966</u>	<u>(24)</u>
Profit for the period	<u>657</u>	<u>1,954</u>	<u>5,198</u>	<u>9,352</u>
Total comprehensive income attributable to:				
Equity holders of the company	(270)	2,621	6,134	6,870
Minority interests	<u>493</u>	<u>(50)</u>	<u>794</u>	<u>(49)</u>
Total comprehensive income for the period	<u>223</u>	<u>2,571</u>	<u>6,928</u>	<u>6,821</u>
Earnings per share attributable to equity holders of the company :				
Basic (sen)	0.01	0.20	0.42	1.00
Diluted (sen)	0.00	0.15	0.33	0.81

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 2010.



FRONTKEN CORPORATION BERHAD

(Co. No. 651020-T)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

(The figures have not been audited)

	Unaudited 30 Sept 2011 RM'000	Audited 31 Dec 2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	182,680	178,405
Investment in associated companies	4,680	4,494
Goodwill on consolidation	28,395	28,312
Deferred tax assets	269	352
Total non-current assets	<u>216,024</u>	<u>211,563</u>
Current assets		
Inventories	13,184	10,431
Trade receivables	67,862	67,337
Other receivables and prepaid expenses	9,883	5,126
Amount owing by associates	5,161	4,534
Fixed deposits with licensed bank	6,400	12,684
Cash and bank balances	15,025	21,516
Total current assets	<u>117,515</u>	<u>121,628</u>
Total assets	<u>333,539</u>	<u>333,191</u>
EQUITY AND LIABILITIES		
Capital and reserve		
Issued capital	101,141	101,141
Reserves	14,709	12,706
Retained earnings	65,420	62,396
Equity attributable to equity holders of the parent	<u>181,270</u>	<u>176,243</u>
Minority interests	<u>27,675</u>	<u>25,902</u>
Total equity	<u>208,945</u>	<u>202,145</u>
Non-current liabilities		
Bank borrowings	47,758	48,314
Hire-purchase payables	6,330	9,868
Deferred tax liabilities	4,549	4,390
Total non-current liabilities	<u>58,637</u>	<u>62,572</u>
Current liabilities		
Trade payables	19,347	20,502
Other payables	20,474	16,265
Amount owing to associate	1,116	-
Bank overdrafts	827	1,230
Bank borrowings - current portion	18,172	22,132
Hire purchase payable - current portion	5,754	7,250
Tax liabilities	267	1,095
Total current liabilities	<u>65,957</u>	<u>68,474</u>
Total liabilities	<u>124,594</u>	<u>131,046</u>
Total equity and liabilities	<u>333,539</u>	<u>333,191</u>
Net assets per share (RM)	0.21	0.20

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 2010.



FRONTKEN CORPORATION BERHAD

(Co. No. 651020-T)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

(The figures have not been audited)

	Non-distributable					Distributable		Attributable to equity holders of the Company RM'000	Minority interests RM'000	Total RM'000
	Issued capital RM'000	Share premium RM'000	Treasury shares RM'000	Foreign currency Translation reserve RM'000	Warrant reserve RM'000	Statutory reserve RM'000	Retained earnings/ RM'000			
Balance as of 1 January 2011	101,141	9,337	-	2,485	883	-	62,397	176,243	25,902	202,145
Net income/(expense) recognised directly in equity:										
Exchange differences arising from translation of foreign operations	-	-	-	1,902	-	-	-	1,902	(172)	1,730
Profit for the period	-	-	-	-	-	-	4,232	4,232	966	5,198
Total comprehensive income for the period	-	-	-	1,902	-	-	4,232	6,134	794	6,928
Arising from issue of shares by subsidiary	-	-	-	-	-	-	-	-	630	630
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	710	710
Transfer to statutory reserve	-	-	-	-	-	198	(198)	-	-	-
Treasury shares acquired	-	-	(96)	-	-	-	-	(96)	-	(96)
Dividend paid to minority interest	-	-	-	-	-	-	-	-	(361)	(361)
Dividend paid	-	-	-	-	-	-	(1,011)	(1,011)	-	(1,011)
Balance as of 30 September 2011	101,141	9,337	(96)	4,387	883	198	65,420	181,270	27,675	208,945

CORRESPONDING PERIOD CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

	Non-distributable				Distributable		Attributable to equity holders of the Company RM'000	Minority interests RM'000	Total RM'000
	Issued capital RM'000	Share premium RM'000	Foreign currency Translation reserve RM'000	Warrant reserve RM'000	Retained/earnings/ RM'000				
Balance as of 1 January 2010	72,243	7,998	3,688	-	51,419	135,348	182	135,530	
Net income/(expense) recognised directly in equity:									
Exchange differences arising from translation of foreign operations	-	-	(2,506)	-	-	(2,506)	(25)	(2,531)	
Profit for the period	-	-	-	-	9,376	9,376	(24)	9,352	
Total comprehensive income for the period	-	-	(2,506)	-	9,376	6,870	(49)	6,821	
Arising from issue of shares by subsidiary	-	-	-	-	-	-	183	183	
Renounceable rights issue	28,898	2,007	-	883	-	31,788	-	31,788	
Share issue expenses	-	(668)	-	-	-	(668)	-	(668)	
Distribution of dividends	-	-	-	-	(1,011)	(1,011)	-	(1,011)	
Balance as of 30 September 2010	101,141	9,337	1,182	883	59,784	172,327	316	172,643	

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

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Period To Date	Preceding Corresponding Period
	30 September 2011 RM'000	30 September 2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	5,198	9,352
Adjustments for:		
Income tax expense recognised in income statement	1,112	1,490
Depreciation for property, plant and equipment	14,080	10,761
Interest expense	2,011	2,492
Unrealised loss/(gain) on foreign exchange	330	1,144
Interest income	(141)	(341)
(Gain)/Loss on disposal of property, plant and equipment	(45)	(75)
Writeback of allowance for doubtful debts	(2,225)	-
Property, plant and equipment written off	118	1
Allowance for doubtful debt	1,684	977
Bad debt written off	180	1
Impairment of goodwill	-	935
Gain on dilution of investment in subsidiary	(86)	-
Share of results of associated companies	(65)	(629)
Operating profit before working capital changes	22,151	26,108
Inventories	(2,574)	(1,611)
Amount due to/from contract customers	-	(47)
Trade receivables	847	(8,254)
Other receivables and prepaid expenses	(4,711)	(2,942)
Amount owing by associates	(585)	(1,591)
Trade payables	(1,401)	4,083
Other payables and accrued expenses	4,002	(3,037)
Amount owing to associate	1,116	(35)
Cash generated from operations	18,845	12,674
Tax paid	(1,812)	(1,738)
Net cash from operating activities	17,033	10,936
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in amount owing by associates	-	-
Interest received	141	341
Acquisition of subsidiaries	570	-
Acquisition of associates	-	(3,504)
Purchase of property, plant and equipment	(16,332)	(11,741)
Proceeds from disposal of property, plant and equipment	326	623
Dividend received from associate	-	-
Net cash used in investing activities	(15,295)	(14,281)



FRONTKEN CORPORATION BERHAD

(Co. No. 651020-T)

(Incorporated in Malaysia)

	CUMULATIVE QUARTER	
	Current Period To Date	Preceding Corresponding Period
	30 September 2011	30 September 2010
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,011)	(2,492)
Proceeds from minority interest	716	183
Proceeds from issuance of shares	-	31,787
Drawdown of term loans	11,853	13,045
Repayment of term loans	(17,394)	(11,802)
Repayment of hire purchase payables	(5,969)	(6,327)
Share issue expenses	-	(668)
Treasury shares acquired	(96)	-
Dividend paid	(1,011)	(1,011)
Dividend paid to minority interest	(361)	-
Net cash (used in)/from financing activities	<u>(14,273)</u>	<u>22,715</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(12,535)	19,370
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	32,970	10,187
EFFECT OF EXCHANGE DIFFERENCES	163	27
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u><u>20,598</u></u>	<u><u>29,584</u></u>
THE CASH AND CASH EQUIVALENTS COMPRISE:		
CASH AND BANK BALANCES	15,025	12,502
SHORT-TERM DEPOSITS WITH LICENSED BANKS	6,400	20,233
BANK OVERDRAFT	(827)	(3,151)
	<u><u>20,598</u></u>	<u><u>29,584</u></u>

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

The comparative figures are based on unaudited financial statements of the Company for the financial period ended 30 September 2011.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

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 Financial Reporting Standards ("FRS") No.134 : Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), 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 2010.

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 2010.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2011. The adoption of these standards, amendments and interpretations does not have significant impact on the financial statements of the Group.

A2. Realised and Unrealised Profits/Losses

	As at 30 Sep 2011	As at 31 Dec 2010
	RM'000	RM'000
Total retained profits of FCB and its subsidiaries		
- Realised	82,183	77,297
- Unrealised	(4,508)	(4,164)
	<hr/> 77,675	<hr/> 73,133
Total share of retained profits from associated companies		
- Realised	1,602	2,152
- Unrealised	-	90
	<hr/> 1,602	<hr/> 2,242
Less: Consolidation adjustments	(13,857)	(12,979)
Total Group retained profits	<hr/> <hr/> 65,420	<hr/> <hr/> 62,396

A3. Audit qualification

The auditors' report in respect of the audited consolidated financial statements of FCB for the financial year ended 31 December 2010 was not subject to any qualification.



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(Co. No. 651020-T)

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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 was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter:

The Company purchased 858,400 of its own ordinary shares of RM0.10 each on the market of Bursa Securities at an average buy-back price of RM0.11 per share. The total consideration paid for the acquisition of the shares was RM96,329 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 30 September 2011, the Company held 858,400 repurchased shares as treasury shares out of its total issued and paid-up share capital of 1,011,408,160 ordinary shares. Such treasury shares are held at a carrying amount of RM96,329. None of the treasury shares were resold or cancelled during the current quarter.

A8. Dividends

The Company had on 28 June 2011 paid a first interim single-tier dividend in respect of the financial year ending 31 December 2011, of 1% per ordinary share amounting to RM1,011,411.



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

A9. Segmental information

The breakdown of the Group's revenue and results by geographical regions for the quarter ended 30 September 2011 are set out below. Revenue and results by geographical sales were based on the location of the Group's subsidiaries.

**Current Quarter
30 September 2011**

	<u>Singapore</u>	<u>Malaysia</u>	<u>Philippines</u>	<u>China</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>RM'000</u>
<u>Segment Revenue</u>							
External sales	18,949	11,616	1,516	466	89	12,971	45,607
Inter-segment sales	639	126	6	-	-	949	1,720
Total revenue	<u>19,588</u>	<u>11,742</u>	<u>1,522</u>	<u>466</u>	<u>89</u>	<u>13,920</u>	<u>47,327</u>

Segment Results

Operating profit/(loss)	(1,044)	1,542	(59)	(331)	(109)	1,402	1,401
Interest income							65
Finance cost							(533)
Share of results of associated companies							98
Profit before taxation							<u>1,031</u>

**Current Year-to-date
30 September 2011**

<u>Segment Revenue</u>							
External sales	65,726	32,944	6,175	1,344	717	39,491	146,397
Inter-segment sales	3,775	296	299	-	-	949	5,319
Total revenue	<u>69,501</u>	<u>33,240</u>	<u>6,474</u>	<u>1,344</u>	<u>717</u>	<u>40,440</u>	<u>151,716</u>



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(Co. No. 651020-T)

(Incorporated in Malaysia)

**Current Year-to-date
30 September 2011**

	<u>Singapore</u>	<u>Malaysia</u>	<u>Philippines</u>	<u>China</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>RM'000</u>
<u>Segment Results</u>							
Operating profit/(loss)	3,224	1,380	1,154	(720)	(52)	3,129	8,115
Interest income							141
Finance cost							(2,011)
Share of results of associated companies							65
Profit before taxation							<u>6,310</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.



FRONTKEN CORPORATION BERHAD

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(Incorporated in Malaysia)

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

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

On 18 August 2011, the Board of Directors resolved to increase the share capital of Frontken MIC Co. Limited ("FMIC"), a subsidiary in which FCB holds approximately 50.0% equity interest, by way of allotment and issuance of new ordinary shares of HKD1.00 each in two (2) tranches at par value to raise aggregate cash proceeds of USD2 million. On 2 September 2011, FMIC allotted and issued the first tranche of 4,677,300 new shares raising gross proceeds of USD600,000. As a result, the effective equity interest of FCB in FMIC was diluted from approximately 50.0% to 42.9%.

A13. Contingent liabilities

As at 30 September 2011, the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position of the Group.

A14. Cash and cash equivalents

	As at 30 Sep 2011 RM'000
Cash at bank	14,943
Cash on hand	82
Fixed deposits	6,400
	<hr/>
	21,425
Bank overdrafts	(827)
	<hr/>
	20,598



FRONTKEN CORPORATION BERHAD

(Co. No. 651020-T)
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A15. Significant related party transactions

	Current Quarter 30 Sep 2011	Current Year-to-date 30 Sep 2011
	RM'000	RM'000
Sales to AMT	8	33
Sales to Chinyee	226	756
Sales to MIC-W	18	509
Sales to A&I	-	2
Purchases from AMT	1	10
Purchases from Chinyee	1,156	2,964
Rental payable to MIC-W	133	370
Rental payable to AMT	18	54

Name of Related Parties	Relationship
AMT	Sia Chiok Meng, a Director of FEM, is also a director and substantial shareholder of AMT.
Chinyee	Wong Hua Choon, a director and major shareholder of FCB, is also a director and substantial shareholder of Chinyee. Dr Tay Kiang Meng is a director and shareholder of both FCB and Chinyee.
A&I	Sia Chiok Meng, a director of FEM, is also a director and substantial shareholder of A&I.
MIC-W	MIC-W is a subsidiary of Marketech International Corporation, which in turn is a deemed substantial shareholder of FMIC.

Abbreviations:

<i>AMT</i>	<i>AMT Engineering Sdn Bhd</i>	<i>FMIC</i>	<i>Frontken-MIC (Wuxi) Co. Ltd</i>
<i>A&I</i>	<i>A&I Engine Rebuilders Sdn Bhd</i>	<i>MIC-W</i>	<i>MIC-Tech (Wuxi) Co., Ltd</i>
<i>Chinyee</i>	<i>Chinyee Engineering & Machinery Pte Ltd</i>	<i>FEM</i>	<i>Frontken (East Malaysia) Sdn Bhd</i>

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 30 Sep 2011
	RM'000
Factory improvement	674
Acquisition of machinery and equipment	2,313
	<u>2,987</u>



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B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of performance

The Group recorded revenue of approximately RM146.4 million for the nine (9) months ended 30 September 2011 ("FP2011"), representing an increase of 40.0% compared with RM104.6 million for the preceding corresponding period ended 30 September 2010 ("FP2010"). The higher revenue for FP2011 was mainly due to higher demand for the Group's services in Singapore and the Philippines and consolidation of revenue of Ares Green Technology Corporation ("AGTC") which became a subsidiary of the Company on 10 December 2010. Excluding revenue of AGTC, the Group revenue for FP2011 would have increased by 2%.

Against the same period last year, profit before tax ("PBT") decreased 41.8% from RM10.8 million to RM6.3 million. The lower PBT recorded by the Group for FP2011 was mainly due to the lower margin during the current period arising from higher labour cost.

Overall, net profit attributable to shareholders decreased 54.9% to RM4.2 million for FP2011 from RM9.4 million in the previous corresponding period.

B2. Comparison with immediate preceding quarter

	3rd Quarter 30 Sep 2011	2nd Quarter 30 Jun 2011
	RM'000	RM'000
Revenue	45,607	46,607
Profit before tax	1,031	177

The Group recorded a decrease in revenue of 2.1% or approximately RM1.0 million during the current quarter compared to the preceding quarter. The decrease in revenue during the current quarter was primarily due to lower revenue from Singapore, Indonesia and Taiwan.

The Group's unaudited PBT in the current quarter was approximately RM0.9 million higher than the preceding quarter. The increase in the Group's PBT was mainly reduction in marketing expenses during the current quarter.

B3. Prospects for the year

During the quarter, revenue growth had further moderated amidst softening global economic conditions. Against the backdrop of the current challenging business environment, the Group will continue to focus on improving operational efficiency and building a stable and growing revenue base in the longer term.



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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 30 Sep 2011	Current Year-to-date 30 Sep 2011
	RM'000	RM'000
Income tax	329	1,070
Deferred tax	45	42
	374	1,112

The Group's effective tax rate for the period under review is lower than the statutory tax rate of 25% in Malaysia. This is primarily attributed to the utilisation of reinvestment allowance by a subsidiary, jobs credit grant received from the Singapore government which is not subjected to tax, productivity and innovative credit scheme from the Singapore government as well as a relatively lower statutory tax rate of an overseas subsidiary.

B6. Unquoted investments and properties

There were no disposals of unquoted investment and properties during the current quarter and financial period under review.

B7. Quoted and marketable securities

There were no purchases and disposals of marketable securities during the current quarter and financial period under review.

B8. Status of corporate proposals

There were no corporate proposals which had been announced but not completed.

B9. Group borrowings

The Group's borrowings as at 30 September 2011 are as follows:

	Short-term	Long-term	Total
	RM'000	RM'000	RM'000
<u>Secured</u>			
Bank overdrafts	827	-	827
Hire purchase creditors	5,754	6,330	12,084
Term loans	18,172	47,758	65,930
	24,753	54,088	78,841



FRONTKEN CORPORATION BERHAD

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

	Short-term	Long-term	Total
	RM'000	RM'000	RM'000
<u>Currency</u>			
Singapore Dollar	21,784	25,597	47,381
New Taiwan Dollar	-	21,930	21,930
	21,784	47,527	69,311

B10. Off balance sheet financial instruments

The Group has not entered into any contract involving off balance sheet financial instruments as at the date of this report.

B11. 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 23 November 2011:

(a) Litigation by Frontken Petroleum Sdn Bhd ("FPSB") against SGL Carbon Sdn Bhd ("SGL")

On 25 August 2010, FPSB, an effectively 60.1% subsidiary of FCB, served, via its solicitors, a Writ of Summons together with a Statement of Claims on SGL.

Under the said Writ of Summons, FPSB claimed for a sum of RM1,541,807.20, being revised outstanding debts due from SGL in relation to work performed by FPSB as set out in the ensuing paragraph. In addition, FPSB also claimed for interest, costs and such further or other reliefs or orders as the Court deems fit.

In February 2009, SGL awarded FPSB the order for busbar welding for an agreed contract sum of RM2.5 million and RM1.4 million for scope 1 and scope 2 respectively. FPSB duly completed substantial part of the work and the remaining work was stopped in or around August 2009 upon mutual agreement/consent. Various invoices were issued for progress payments, with a sum of RM1,577,007.20 remaining due and owing from SGL. SGL refused to make payments and claimed for a set-off of the sum for delay or late completion of the contract and defective works. The outstanding sum was reduced by FPSB to RM1,541,807.20 out of goodwill after considering the allegations raised by SGL. However, SGL failed, refused and or neglected to settle the revised outstanding sum.

On 5 October 2010, SGL filed a defence and counterclaim via its solicitors on FPSB. In the said defence, SGL denied the Statement of Claims and prayed that the claims be dismissed with costs. Further, SGL alleged that FPSB had breached the terms and conditions of the letter of award and its related agreements resulting in SGL suffering loss and damage, and therefore, counterclaimed against FPSB for special damages in the sum of RM1,617,633.09, general damages and/or liquidated damages in the sum of RM8,894,485.88 as at 6 September 2010 and still continuing, and interest at the rate of 8% per annum on daily rests from the date of filing of the counterclaim until full settlement.



FRONTKEN CORPORATION BERHAD

(Co. No. 651020-T)

(Incorporated in Malaysia)

The Court had fixed the matter for further case management on 7 December 2011.

The solicitors of FPSB are of the opinion that SGL does not have a valid claim for set-off against the revised outstanding sum and FPSB has a good chance of successfully recovering the same from SGL. Further, the solicitors are of the opinion that SGL does not have a valid counterclaim against FPSB.

(b) Litigation by Frontken Malaysia Sdn Bhd (“FMSB”) against Petra Resources Sdn Bhd (“PRSB”)

On 15 July 2011, FMSB, a wholly-owned subsidiary of FCB, issued, via its solicitors, Letters of Demand to PRSB demanding for the payment of an aggregate outstanding sum of RM3,121,279.57 within 14 days from the date of the Letters of Demand, failing which legal proceedings would be instituted against PRSB for the recovery of the same. The outstanding debt was in respect of unpaid invoices for work done and services rendered by FMSB to PRSB in the ordinary course of business between 2009 and 2011.

On 10 November 2011, FMSB received, via its solicitors, the Statements of Defence and Counterclaim dated 8 November 2011 from PRSB. In the said defence, PRSB denied the Statements of Claim and stated that FMSB had been duly paid for the services rendered by FMSB to PRSB, and that FMSB was not entitled to the claims against PRSB. Further, PRSB contended that based on misrepresentation by FMSB in relation to an alleged agreement, PRSB had made payments by mistake to FMSB in the combined sum of RM6,656,455.70. PRSB therefore counterclaimed against FMSB for the refund of the said sum, interest at the rate of 8% per annum calculated from the date of judgment until full realization, costs and such further or other relief as deemed fit and proper by the Court.

The solicitors of FMSB are of the opinion that FMSB has a good case to recover the outstanding amount from PRSB. The solicitors are also of the opinion that FMSB has good grounds to resist the counterclaim by PRSB.

The Court had fixed the matter for case management on 7 December 2011 and 8 December 2011.



FRONTKEN CORPORATION BERHAD

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B12. 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 attributable to ordinary shareholders (RM'000)	65	1,993	4,232	9,376
The number/weighted average number of shares in issue ('000)	1,011,276	1,011,408	1,011,364	938,371
Basic EPS (sen)	0.01	0.20	0.42	1.00

(b) Diluted EPS

For the diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

	Current Quarter	Preceding Corres- ponding Quarter	Current Year-to- date	Preceding Corres- ponding Year-to- date
Profit attributable to ordinary shareholders (RM'000)	65	1,993	4,232	9,376
The number/weighted average number of shares in issue ('000)	1,300,250	1,300,382	1,300,337	1,154,307
Diluted EPS (sen)	-	0.15	0.33	0.81

B13. Dividends

No dividend has been declared for the current quarter ended 30 September 2011.

By Order of the Board
Frontken Corporation Berhad

Wong Hua Choon
Executive Chairman / Managing Director
29 November 2011