



FRONTKEN CORPORATION BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2012

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31 Mar 2012 RM '000	Preceding Year Corresponding Quarter 31 Mar 2011 RM '000	Current Year To-date 31 Mar 2012 RM '000	Preceding Year Corresponding Period 31 Mar 2011 RM '000
Revenue	47,991	54,183	47,991	54,183
Operating expenses	<u>(42,818)</u>	<u>(44,156)</u>	<u>(42,818)</u>	<u>(44,156)</u>
Profit before depreciation and finance costs	5,173	10,027	5,173	10,027
Depreciation	(4,869)	(4,492)	(4,869)	(4,492)
Finance costs	(661)	(588)	(661)	(588)
Other operating income	803	156	803	156
Share of results of associated companies	<u>76</u>	<u>(1)</u>	<u>76</u>	<u>(1)</u>
Profit before tax	522	5,102	522	5,102
Taxation	<u>(179)</u>	<u>(912)</u>	<u>(179)</u>	<u>(912)</u>
Profit after tax	343	4,190	343	4,190
Other comprehensive expenses:				
Foreign currency translation	<u>(1,030)</u>	<u>(493)</u>	<u>(1,030)</u>	<u>(493)</u>
Total comprehensive income for the period	<u>(687)</u>	<u>3,697</u>	<u>(687)</u>	<u>3,697</u>
Profit after tax attributable to :				
Owners of the Company	572	4,062	572	4,062
Non-controlling interests	<u>(229)</u>	<u>128</u>	<u>(229)</u>	<u>128</u>
Profit for the period	<u>343</u>	<u>4,190</u>	<u>343</u>	<u>4,190</u>
Total comprehensive income attributable to:				
Owners of the Company	(175)	4,280	(175)	4,280
Non-controlling interests	<u>(512)</u>	<u>583</u>	<u>(512)</u>	<u>583</u>
Total comprehensive income for the period	<u>(687)</u>	<u>3,697</u>	<u>(687)</u>	<u>3,697</u>
Earnings per share attributable to equity holders of the company :				
Basic (sen)	0.06	0.40	0.06	0.40
Diluted (sen)	0.04	0.31	0.04	0.31

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 2011.



FRONTKEN CORPORATION BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012
(The figures have not been audited)

	Unaudited 31 Mar 2012 RM'000	Audited 31 Dec 2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	181,554	180,969
Investment in associated companies	4,702	4,631
Goodwill on consolidation	28,379	28,381
Deferred tax assets	194	196
Total non-current assets	<u>214,829</u>	<u>214,177</u>
Current assets		
Inventories	10,839	11,374
Amount due from contract customers	104	177
Trade receivables	70,345	70,265
Other receivables and prepaid expenses	7,916	6,528
Amount owing by associates	3,843	4,150
Tax recoverable	506	555
Fixed deposits with licensed bank	2,528	3,737
Cash and bank balances	20,475	22,625
Total current assets	<u>116,556</u>	<u>119,411</u>
Total assets	<u>331,385</u>	<u>333,588</u>
EQUITY AND LIABILITIES		
Capital and reserve		
Issued capital	101,141	101,141
Reserves	13,690	14,437
Retained earnings	64,266	63,694
Equity attributable to owners of the Company	<u>179,097</u>	<u>179,272</u>
Non-controlling interests	<u>27,378</u>	<u>27,890</u>
Total equity	<u>206,475</u>	<u>207,162</u>
Non-current liabilities		
Bank borrowings	45,169	46,952
Hire-purchase payables	4,942	5,912
Deferred tax liabilities	2,720	2,750
Total non-current liabilities	<u>52,831</u>	<u>55,614</u>
Current liabilities		
Trade payables	20,685	22,690
Other payables and accrued expenses	19,085	18,634
Amount owing to associates	949	1,500
Bank overdrafts	3,202	1,670
Bank borrowings - current portion	22,272	20,010
Hire purchase payable - current portion	4,975	5,440
Tax liabilities	911	868
Total current liabilities	<u>72,079</u>	<u>70,812</u>
Total liabilities	<u>124,910</u>	<u>126,426</u>
Total equity and liabilities	<u>331,385</u>	<u>333,588</u>
Net assets per share (RM)	0.20	0.21

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 2011.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2012

(The figures have not been audited)

	Non-distributable					Distributable		Attributable to owners of the Company	Non-controlling interests	Total
	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Warrant reserve	Statutory reserve	Retained earnings			
	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 2012	101,141	9,337	(195)	4,214	883	198	63,694	179,272	27,890	207,162
Other comprehensive income/expenses recognised recognised for the financial year, net of tax:										
Foreign currency translation	-	-	-	(747)	-	-	-	(747)	(283)	(1,030)
Profit after tax for the period	-	-	-	-	-	-	572	572	(229)	343
Total comprehensive income for the period	-	-	-	(747)	-	-	572	(175)	(512)	(687)
Balance as of 31 March 2012	101,141	9,337	(195)	3,467	883	198	64,266	179,097	27,378	206,475

CORRESPONDING PERIOD CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2011

	Non-distributable				Distributable		Attributable to owners of the Company	Non-controlling interests	Total
	Share capital	Share premium	Foreign currency translation reserve	Warrant reserve	Retained earnings	Statutory reserve			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of 1 January 2011	101,141	9,337	2,485	883	62,397	176,243	25,902	202,145	
Other comprehensive income/expenses recognised recognised for the financial year, net of tax:									
Foreign currency translation	-	-	218	-	-	218	(711)	(493)	
Profit after tax for the period	-	-	-	-	4,062	4,062	128	4,190	
Total comprehensive income for the period	-	-	218	-	4,062	4,280	(583)	3,697	
Arising from acquisition of subsidiary	-	-	-	-	-	-	710	710	
Issue of shares by subsidiary	-	-	-	-	-	-	185	185	
Balance as of 31 March 2011	101,141	9,337	2,703	883	66,459	180,523	26,214	206,737	

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 FIRST QUARTER ENDED
31 MARCH 2012**

(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Period To Date	Preceding Corresponding Period
	31 March 2012 RM'000	31 March 2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	522	5,102
Adjustments for:		
Depreciation of property, plant and equipment	4,869	4,492
Interest expense	661	588
Unrealised loss on foreign exchange	394	929
Interest income	(28)	(63)
Gain on disposal of property, plant and equipment	(43)	-
Writeback of allowance for impairment losses	(422)	(541)
Allowance for impairment losses	66	1,106
Share of results of associates	(76)	1
Operating profit before working capital changes	5,943	11,614
Inventories	473	677
Amount due from contract customers	(73)	-
Trade receivables	71	(5,793)
Other receivables and prepaid expenses	(1,433)	(1,698)
Amount owing by associates	305	(78)
Trade payables	(1,830)	(482)
Other payables and accrued expenses	541	2,399
Amount owing to associates	(550)	381
Cash generated from operations	3,447	7,020
Taxes paid	(109)	(483)
Net cash from operating activities	3,338	6,537
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	28	63
Acquisition of subsidiaries	-	570
Purchase of property, plant and equipment	(6,084)	(5,077)
Proceeds from disposal of property, plant and equipment	104	77
Net cash used in investing activities	(5,952)	(4,367)



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	CUMULATIVE QUARTER	
	Current Period To Date	Preceding Corresponding Period
	31 March 2012 RM'000	31 March 2011 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(661)	(588)
Proceeds from minority interest	-	185
Drawdown of term loans	2,441	1,416
Repayment of term loans	(1,730)	(6,734)
Repayment of hire purchase payables	(1,619)	(2,064)
Net cash used in financing activities	<u>(1,569)</u>	<u>(7,785)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,183)	(5,615)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	24,692	32,970
EFFECT OF EXCHANGE DIFFERENCES	(708)	(386)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>19,801</u>	<u>26,969</u>
THE CASH AND CASH EQUIVALENTS COMPRISE:		
CASH AND BANK BALANCES	20,475	28,354
SHORT-TERM DEPOSITS WITH LICENSED BANKS	2,528	684
BANK OVERDRAFT	<u>(3,202)</u>	<u>(2,069)</u>
	<u>19,801</u>	<u>26,969</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 31 March 2011.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

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 2011.

These interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1: First Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

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 2011.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2011 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2012. 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 2012	As at 31 Mar 2011
	RM'000	RM'000
Total retained profits of FCB and its subsidiaries		
- Realised	79,062	83,005
- Unrealised	(2,930)	(5,229)
	<hr/> 76,132	<hr/> 77,776
Total share of retained profits from associated companies		
- Realised	1,883	1,790
- Unrealised	1	-
	<hr/> 1,884	<hr/> 1,790
Less: Consolidation adjustments	(13,750)	(13,107)
Total Group retained profits	<hr/> 64,266	<hr/> 66,459



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A3. Audit qualification

The auditors' report in respect of the audited consolidated financial statements of FCB for the financial year ended 31 December 2011 was not subject 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.

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 1,000 of its own ordinary shares of RM0.10 each on the market of Bursa Securities at an average buy-back price of RM0.12 per share. The total consideration paid for the acquisition of the shares was RM161 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 2012, the Company held 1,834,600 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 RM194,724. None of the treasury shares were resold or cancelled during the current quarter.

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 2012 are set out below. Revenue and results by geographical sales were based on the location of the Group's subsidiaries.

**Current Quarter
31 March 2012**

	Singapore	Malaysia	Philippines	China	Indonesia	Taiwan	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>							
External sales	25,165	9,082	2,069	503	214	10,958	47,991
Inter-segment sales	978	947	559	-	-	-	2,484
Total revenue	<u>26,143</u>	<u>10,029</u>	<u>2,628</u>	<u>503</u>	<u>214</u>	<u>10,958</u>	<u>50,475</u>
<u>Segment Results</u>							
Operating profit/(loss)	1,440	(476)	651	(271)	(252)	(13)	1,079
Interest income							28
Finance cost							(661)
Share of results in associates							76
Profit before taxation							<u>522</u>

**Current Year-to-date
31 March 2012**

<u>Segment Revenue</u>							
External sales	25,165	9,082	2,069	503	214	10,958	47,991
Inter-segment sales	978	947	559	-	-	-	2,484
Total revenue	<u>26,143</u>	<u>10,029</u>	<u>2,628</u>	<u>503</u>	<u>214</u>	<u>10,958</u>	<u>50,475</u>



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**Current Year-to-date
31 March 2012**

	<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)	1,440	(476)	651	(271)	(252)	(13)	1,079
Interest income							28
Finance cost							(661)
Share of results of associates							76
Profit before taxation							<u>522</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. (Loss)/Profit before tax

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

	Current Quarter 31 Mar 2012 RM'000	Current Year-to-date 31 Mar 2012 RM'000
Interest income	28	28
Allowance for doubtful debts	(66)	(66)
Bad debt written off	-	-
Provision for and write off of inventories	-	-
Gain/(loss) on disposal of quoted and unquoted investments	-	-
Gain/(loss) on disposal of properties	-	-
Impairment of assets	-	-
Foreign exchange loss	(433)	(433)
Exceptional items	-	-

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

Saved as disclosed below, the Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position of the Group.

	As at 31 Mar 2012 RM'000
Performance guarantees	<u>1,308</u>



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A15. Cash and cash equivalents

	As at 31 Mar 2012
	RM'000
Cash at bank	20,426
Cash on hand	49
Fixed deposits	2,528
	<u>23,003</u>
Bank overdrafts	<u>(3,202)</u>
	<u>19,801</u>

A16. Significant related party transactions

	Current Quarter 31 Mar 2012	Current Year-to-date 31 Mar 2012
	RM'000	RM'000
Sales to AMT	8	8
Sales to Chinyee	302	302
Sales to MIC-W	14	14
Sales to A&I	1	1
Purchases from AMT	-	-
Purchases from Chinyee	1,156	1,156
Rental payable to MIC-W	128	128
Rental payable to AMT	18	18

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, who was a director and major shareholder of FCB within the past 6 months, is also a director and substantial shareholder of 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>



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A17. 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 Mar 2012
	RM'000
Factory improvement	55
Acquisition of machinery and equipment	661
	<u>716</u>

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of performance

The Group recorded revenue of approximately RM48.0 million for the three (3) months ended 31 March 2012 ("FP2012"), representing a decrease of 11.4% compared with RM54.2 million for the preceding corresponding period ended 31 March 2011 ("FP2011") mainly due to lower revenue from Singapore, Malaysia and Taiwan.

The higher revenue from Singapore for FP2011 was due to more service works from its power generation division from customers' planned outages. Decrease in revenue from Taiwan and Malaysia were mainly due to lower customer production capacity and stiff price competition in the respective local markets, which lead to a lower unit selling price.

Against the same period last year, profit before tax ("PBT") decreased from RM5.1 million to RM0.5 million. This was mainly caused by lower margin from certain trading activities coupled with losses suffered by a few of its new business units which commenced operations in the fourth quarter of 2011 and in the current quarter.

B2. Comparison with immediate preceding quarter

	1st Quarter 31 Mar 2012	4th Quarter 31 Dec 2011
	RM'000	RM'000
Revenue	47,991	51,726
Profit/(Loss) before tax	522	(3,311)

The Group recorded a decrease in revenue of 7.2% or approximately RM3.7 million during the current quarter compared to the preceding quarter which was mainly attributable to lesser service works caused by lower production activities by customers. Certain machining of new parts business which the Company was targeting also did not materialize due to the deferment of certain projects by the customers.



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However, the Group's unaudited PBT in the current quarter was approximately RM3.8 million higher than the preceding quarter.

The Group was able to achieve this through better control of costs and outsourcing less works to sub-contractors and lower direct material costs.

Some savings in marketing expenses and lower general operating and administration expenses also helped in improving the PBT. The preceding quarter's PBT was also lower due to the writing off of some work in progress.

B3. Prospects for the year

The Group anticipates that the overall business conditions this year will be increasingly challenging amidst subdued global economic conditions and slower growth in regional economies. 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. Key priorities for the current year would be to manage our costs to protect our earnings, exercise prudence in liquidity management, disciplined execution of strategy whilst focusing on the fundamentals of the Group's business.

We expect the Group's performance for the year to be better than that of 2011 unless the business environment in which the Group operates in turn for the worst.

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 Mar 2012	Current Year-to-date 31 Mar 2012
	RM'000	RM'000
Income tax	205	205
Deferred tax	(26)	(26)
	<u>179</u>	<u>179</u>

The Group's effective tax rate for the period under review is 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 which had been announced but not completed.



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B7. Group borrowings

The Group's borrowings as at 31 March 2012 are as follows:

	Short-term	Long-term	Total
	RM'000	RM'000	RM'000
<u>Secured</u>			
Bank overdrafts	3,202	-	3,202
Hire purchase creditors	4,975	4,942	9,917
Term loans	22,272	45,169	67,441
	<u>30,449</u>	<u>50,111</u>	<u>80,560</u>

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	24,052	22,418	46,470
New Taiwan Dollar	260	21,557	21,817
	<u>24,312</u>	<u>43,975</u>	<u>68,287</u>

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 14 May 2012:

(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.



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On 4 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.

The Court had fixed the matter for further case management on 6 August 2012.

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.

On 4 January 2012, applications were filed for summary judgment against PRSB.

On 7 March 2012, summary judgment was entered against PRSB for one of the applications, and the Court ordered PRSB to pay FMSB the sum of RM1,481,478.57, interest at the rate of 1.5% on a monthly basis from 29 July 2011 until the date of full and final settlement, and costs of RM5,000.

On the same date, PRSB and FMSB entered into a consent judgment whereby PRSB shall pay FMSB its principal claim of RM1,639,801, together with a sum of RM50,000, in 4 equal monthly instalments of RM422,450.25 commencing from 30 April 2012.

A Summons in Chamber to strike out the counterclaim by PRSB had been filed, and the Court had fixed the case management and hearing on 18 June 2012 and 22 June 2012 respectively.

The solicitors are also of the opinion that FMSB has good grounds to resist the counterclaim by PRSB.



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 attributable to owners of the Company (RM'000)	572	4,062	572	4,062
Number of shares in issue as of 1 Jan ('000)	1,011,408	1,011,408	1,011,408	1,011,408
Effects of treasury shares acquired ('000)	(1,834)	-	(1,834)	-
Weighted average number of shares in issue ('000)	1,009,574	1,011,408	1,009,574	1,011,408
Basic EPS (sen)	0.06	0.40	0.06	0.40



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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 owners of the Company (RM'000)	572	4,062	572	4,062
Number of shares in issue as of 1 Jan 2011 ('000)	1,011,408	1,011,408	1,011,408	1,011,408
Effects of treasury shares acquired ('000)	(1,834)	-	(1,834)	-
Effects of dilution – warrants ('000)	288,974	288,974	288,974	288,974
Weighted average number of shares in issue ('000)	1,298,548	1,300,382	1,298,548	1,300,382
Diluted EPS (sen)	0.04	0.31	0.04	0.31

B10. Dividends

No dividend has been declared for the current quarter ended 31 March 2012.

By Order of the Board
Frontken Corporation Berhad

Ng Wai Pin
Chairman / Managing Director
21 May 2012