



**FRONTKEN CORPORATION BERHAD**

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 Jun 2015 RM '000	Preceding Year Corresponding Quarter 30 Jun 2014 RM '000	Current Year To-date 30 Jun 2015 RM '000	Preceding Year Corresponding Period 30 Jun 2014 RM '000
Revenue	66,643	73,037	143,861	121,239
Operating expenses	<u>(60,652)</u>	<u>(64,841)</u>	<u>(127,182)</u>	<u>(105,435)</u>
Profit before depreciation and finance costs	5,991	8,196	16,679	15,804
Depreciation	(4,586)	(4,514)	(9,217)	(9,180)
Finance costs	(372)	(295)	(746)	(588)
Other operating income	555	65	5,655	3,358
Share of results of associated companies	<u>(33)</u>	<u>(15)</u>	<u>(55)</u>	<u>14</u>
Profit before tax	1,555	3,437	12,316	9,408
Taxation	<u>(524)</u>	<u>(750)</u>	<u>(2,899)</u>	<u>(1,434)</u>
Profit after tax	1,031	2,687	9,417	7,974
Other comprehensive expenses:				
Foreign currency translation	5,540	(403)	11,294	(1,628)
Total comprehensive income for the period	<u>6,571</u>	<u>2,284</u>	<u>20,711</u>	<u>6,346</u>
(Loss)/profit after tax attributable to :				
Owners of the Company	(723)	1,778	6,096	6,360
Non-controlling interests	<u>1,754</u>	<u>909</u>	<u>3,321</u>	<u>1,614</u>
Profit for the period	<u>1,031</u>	<u>2,687</u>	<u>9,417</u>	<u>7,974</u>
Total comprehensive income attributable to:				
Owners of the Company	3,586	1,336	13,833	5,449
Non-controlling interests	<u>2,985</u>	<u>948</u>	<u>6,878</u>	<u>897</u>
Total comprehensive income for the period	<u>6,571</u>	<u>2,284</u>	<u>20,711</u>	<u>6,346</u>
Earnings/(Loss) per share attributable to equity holders of the company :				
Basic (sen)	<b>(0.07)</b>	<b>0.18</b>	<b>0.59</b>	<b>0.63</b>

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 June 2014.



**FRONTKEN CORPORATION BERHAD**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**  
(The figures have not been audited)

	<b>Unaudited</b> <b>30 Jun 2015</b> <b>RM'000</b>	<b>Audited</b> <b>31 Dec 2014</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	135,680	135,551
Investment in associated companies	1,792	1,733
Goodwill on consolidation	33,761	33,761
Deferred tax assets	1,177	1,063
Fixed deposits with licensed banks	1,156	911
<b>Total non-current assets</b>	<u>173,566</u>	<u>173,019</u>
<b>Current assets</b>		
Inventories	9,523	10,272
Amount owing by contract customer	6,377	1,837
Trade receivables	81,533	101,842
Other receivables, deposits and prepaid expenses	7,259	5,284
Amount owing by associates	1,249	1,184
Fixed deposits with licensed banks	15,963	11,369
Cash and bank balances	74,062	51,575
<b>Total current assets</b>	<u>195,966</u>	<u>183,363</u>
<b>Total assets</b>	<u>369,532</u>	<u>356,382</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Issued capital	105,344	101,141
Reserves	35,175	22,980
Retained earnings	87,665	82,683
Equity attributable to owners of the Company	<u>228,184</u>	<u>206,804</u>
Non-controlling interests	39,791	32,913
<b>Total equity</b>	<u>267,975</u>	<u>239,717</u>
<b>Non-current liabilities</b>		
Bank borrowings	23,384	24,347
Hire-purchase payables	594	1,039
Deferred tax liabilities	2,292	2,572
<b>Total non-current liabilities</b>	<u>26,270</u>	<u>27,958</u>
<b>Current liabilities</b>		
Trade payables	28,503	36,836
Other payables and accrued expenses	29,637	35,976
Bank borrowings	12,990	10,775
Hire purchase payable	1,089	1,377
Tax liabilities	3,068	3,743
<b>Total current liabilities</b>	<u>75,287</u>	<u>88,707</u>
<b>Total liabilities</b>	<u>101,557</u>	<u>116,665</u>
<b>Total equity and liabilities</b>	<u>369,532</u>	<u>356,382</u>
<b>Net assets per share (RM)</b>	0.26	0.24

**Notes :**

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

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



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

(The figures have not been audited)

	Non-distributable					Distributable				Total RM'000
	Share 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	Attributable to owners of the Company RM'000	Non-controlling interests 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:										
Foreign currency translation	-	-	-	7,737	-	-	-	7,737	3,557	11,294
Profit for the period	-	-	-	-	-	-	6,096	6,096	3,321	9,417
Total comprehensive income for the period	-	-	-	7,737	-	-	6,096	13,833	6,878	20,711
Warrants										
- exercise of warrants	4,203	3,490	-	-	(128)	-	-	7,565	-	7,565
- lapse of unexercised warrants	-	755	-	-	(755)	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	1,114	(1,114)	-	-	-
Purchase of treasury shares	-	-	(18)	-	-	-	-	(18)	-	(18)
<b>Balance as of 30 June 2015</b>	<b>105,344</b>	<b>13,582</b>	<b>(583)</b>	<b>19,771</b>	<b>-</b>	<b>2,405</b>	<b>87,665</b>	<b>228,184</b>	<b>39,791</b>	<b>267,975</b>

**CORRESPONDING PERIOD CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

	Non-distributable					Distributable				Total RM'000
	Share 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	Attributable to owners of the Company RM'000	Non-controlling interests RM'000	
Balance as of 1 January 2014	101,141	9,337	(196)	9,671	883	680	64,787	186,303	27,924	214,227
Other comprehensive income recognised for the period:										
Foreign currency translation	-	-	-	(911)	-	-	-	(911)	(717)	(1,628)
Profit for the period	-	-	-	-	-	-	6,360	6,360	1,614	7,974
Total comprehensive income for the period	-	-	-	(911)	-	-	6,360	5,449	897	6,346
Acquisition of subsidiary	-	-	-	-	-	-	-	-	3,259	3,259
Transfer to statutory reserve	-	-	-	-	-	613	(613)	-	-	-
Purchase of treasury shares	-	-	(1)	-	-	-	-	(1)	-	(1)
<b>Balance as of 30 June 2014</b>	<b>101,141</b>	<b>9,337</b>	<b>(197)</b>	<b>8,760</b>	<b>883</b>	<b>1,293</b>	<b>70,534</b>	<b>191,751</b>	<b>32,080</b>	<b>223,831</b>

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



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SECOND QUARTER ENDED  
30 JUNE 2015**

(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Period To Date	Preceding Corresponding Period
	30 Jun 2015 RM'000	30 Jun 2014 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	12,316	9,408
Adjustments for:		
Depreciation of property, plant and equipment	9,217	9,180
Interest expense	746	588
Unrealised (gain)/loss on foreign exchange	(1,546)	652
Interest income	(356)	(84)
Gain on disposal of property, plant and equipment	(7)	(18)
Writeback of allowance for impairment losses on trade receivables	(572)	(137)
Plant and equipment written off	185	10
Impairment loss on plant and equipment	481	-
Allowance for impairment losses on receivables	55	143
Gain on disposal of investment in associates	-	(2,945)
Share of results of associates	55	(14)
Operating profit before working capital changes	20,574	16,783
Inventories	1,105	1,298
Amount due from contract customers	(4,540)	(60)
Trade receivables	27,008	(16,081)
Other receivables, deposits and prepaid expenses	(1,676)	(2,685)
Amount owing by associates	8	178
Trade payables	(8,340)	13,612
Other payables and accrued expenses	(9,221)	5,972
Cash generated from operations	24,918	19,017
Taxes paid	(4,414)	(1,617)
Net cash from operating activities	20,504	17,400
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	356	84
Acquisition of subsidiary	-	(7,397)
Purchase of property, plant and equipment	(1,752)	(1,535)
Proceeds from disposal of associates	-	4,415
Proceeds from disposal of property, plant and equipment	10	17
Net withdrawal/(placement) of fixed deposits with licensed banks	6,684	(2,676)
Net cash from/(for) investing activities	5,298	(7,092)



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	<b>CUMULATIVE QUARTER</b>	
	<b>Current Period To Date 30 Jun 2015 RM'000</b>	<b>Preceding Corresponding Period 30 Jun 2014 RM'000</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Interest paid	(746)	(588)
Proceeds from issuance of shares	7,565	-
Drawdown of term loans	1,826	1,285
Repayment of term loans	(2,313)	(6,294)
Payment of hire purchase payables	(824)	(1,435)
Treasury shares acquired	(18)	(1)
Net cash from/(for) financing activities	5,490	(7,033)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	31,292	3,275
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	52,575	36,414
<b>EFFECT OF EXCHANGE DIFFERENCES</b>	2,717	(588)
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	86,584	39,101
<b>THE CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	74,062	38,101
Fixed deposits with licensed banks	17,119	4,374
	91,181	42,475
Less: Fixed deposits pledged with banks	(4,597)	(3,374)
Cash and cash equivalents	86,584	39,101

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 June 2014.



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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

**A NOTES TO THE INTERIM FINANCIAL REPORT**

**A1. Basis of preparation**

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

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

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

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

	<b>As at 30 Jun 2015</b>	<b>As at 30 Jun 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of FCB and its subsidiaries		
- Realised	104,077	86,259
- Unrealised	1,081	(4,077)
	105,158	82,182
Total share of retained profits from associated companies		
- Realised	286	329
- Unrealised	-	-
	286	329
Less: Consolidation adjustments	(17,779)	(11,977)
Total Group retained profits	87,665	70,534

**A3. Audit qualification**

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



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

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

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

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

**A6. Material changes in estimates**

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

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

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.

As at 30 June 2015, the Company held 4,966,600 repurchased shares as treasury shares out of its total issued and paid-up share capital of 1,053,435,130 ordinary shares of RM0.10 each. Such treasury shares are held at a carrying amount of RM582,623.

**A8. Dividends**

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



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**A9. Segmental information**

The breakdown of the Group's revenue and results by geographical regions for the quarter ended 30 June 2015 are set out below. Revenue and results by geographical sales were based on the location of the Group's subsidiaries.

**Current Quarter  
30 June 2015**

	<b>Singapore</b>	<b>Malaysia</b>	<b>Philippines</b>	<b>Indonesia</b>	<b>Taiwan</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Segment Revenue</u>						
External sales	11,623	25,115	3,646	420	25,839	66,643
Inter-segment sales	1,695	58	169	103	74	2,099
Total revenue	<u>13,318</u>	<u>25,173</u>	<u>3,815</u>	<u>523</u>	<u>25,913</u>	<u>68,742</u>

Segment Results

Operating profit/(loss)	(1,644)	(2,932)	757	(257)	5,819	1,743
Interest income						217
Finance cost						(372)
Share of results in associates						(33)
Profit before taxation						<u>1,555</u>

**Current Year-to-date  
30 June 2015**

<u>Segment Revenue</u>						
External sales	23,270	62,778	7,269	1,264	49,280	143,861
Inter-segment sales	3,253	300	357	103	99	4,112
Total revenue	<u>26,523</u>	<u>63,078</u>	<u>7,626</u>	<u>1,367</u>	<u>49,379</u>	<u>147,973</u>





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**Current Year-to-date  
30 June 2015**

	<u>Singapore</u>	<u>Malaysia</u>	<u>Philippines</u>	<u>Indonesia</u>	<u>Taiwan</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Segment Results</u>						
Operating profit/(loss)	(2,078)	2,639	1,545	(206)	10,861	12,761
Interest income						356
Finance cost						(746)
Share of results in associates						(55)
Profit before taxation						<u>12,316</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 Jun 2015</b>	<b>Current Year-to-date 30 Jun 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	217	356
Gain on disposal of property, plant and equipment	-	7
Writeback of allowance for impairment losses	-	572
Foreign exchange (loss)/gain	(877)	2,426
Allowance for impairment losses on receivables	(1)	(55)
Allowance for impairment losses on plant and equipment	(481)	(481)
Interest expense	(372)	(746)
Depreciation of property, plant and equipment	(4,586)	(9,217)
Property, plant and equipment written off	(185)	(185)

**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**

Saved as disclosed below, there were no material events subsequent to the end of the current quarter under review up to the date of this report.

On 12 August 2015, Ares Green Technology Corporation ("AGTC"), a subsidiary of the Company, applied to the Taiwan Stock Exchange for its withdrawal from the Over-The-Counter GreTai preparatory board followed by an application to the Taiwan Financial Supervisory Commission for public trading revocation.

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

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

**A14. Contingent liabilities**

As at 30 June 2015, 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 Jun 2015</b>
	<b>RM'000</b>
Cash at bank	73,967
Cash on hand	95
Fixed deposits	17,119
	<u>91,181</u>
Less: Fixed deposits pledged with banks	(4,597)
	<u>86,584</u>

**A16. Significant related party transactions**

	<b>Current Quarter 30 Jun 2015</b>	<b>Current Year-to-date 30 Jun 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Sales to AMT	12	24
Sales to Cleanpart Group	40	112
Purchase from TTM	177	378
Purchases from FT	-	1
Rental payable to AMT	36	72
Rental payable to TTM	28	53

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

Abbreviations:

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



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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:

	<b>As at 30 Jun 2015</b>
	<b>RM'000</b>
Acquisition of machinery and equipment	<u>313</u>

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

**B1. Analysis of performance**

The Group's revenue for the current quarter ended 30 June 2015 ("FY2015") saw a decrease of approximately RM6.4 million (8.8%) compared to the corresponding period of the preceding year, mainly attributable to the lower revenue recognition from the ATB project as the same is at its completion stage. Despite that, the Group's revenue for 6 months ended 30 June 2015 saw an increase of approximately RM22.6 million (18.7%) compared to the preceding year due to better business performance from the Group's subsidiaries in Taiwan, Philippines and Malaysia.

The better performance in Taiwan was mainly due to positive growth of the semi-conductor business. The Group's subsidiary in the Philippines also achieved a better performance due to the improvement of its clientele coverage. However, the Group's subsidiary in Singapore encountered a drop in business caused by the slowdown in our customers' business due to the declining market condition.

Against the same period last year, the profit before tax ("PBT") for the 6 months ended 30 June 2015 increased by approximately RM2.9 million as a result of improved business and foreign exchange gain despite a one-off gain on disposal of an associate company in corresponding period of the preceding year. The PBT for the current quarter decreased by approximately RM1.9 million compared to corresponding period of the preceding year due to higher expenses and lower project revenue from the ATB project in the current quarter.

**B2. Comparison with immediate preceding quarter**

	<b>2nd Quarter 30 Jun 2015</b>	<b>1st Quarter 31 Mar 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	66,643	77,218
Profit before tax	1,555	10,761

The Group's revenue was 13.7% or approximately RM10.6 million lower during the current quarter as compared to the immediate preceding quarter. This was mainly due to lower sales by its subsidiaries in Malaysia due to lower revenue and recognition of additional costs from the ATB project at Tanjung Bin.



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The Group's lower unaudited PBT during the current quarter as compared to the immediate preceding quarter was primarily due to lower foreign exchange gain and impairment loss on plant and equipment in the current quarter. There was also write back of allowance for impairment losses on trade receivables in the immediate preceding quarter.

**B3. Prospects for the year**

The Group anticipates that the overall business conditions this year will continue to be challenging amidst subdued and uncertain global economic conditions and slower growth in the regional economies as can be seen in the Group's current quarter performance as compared to the same period last year and the immediate preceding quarter. The Group is cognizance of the potential increase in pressure from customers for price reduction and will strive to remain competitive.

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

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

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

**B4. Variance in profit forecast**

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

**B5. Taxation**

	<b>Current Quarter 30 June 2015</b>	<b>Current Year-to-date 30 June 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax	727	3,326
Deferred tax	(203)	(427)
	<u>524</u>	<u>2,899</u>

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

**B6. Status of corporate proposals**

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



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**B7. Group borrowings**

The Group's borrowings as at 30 June 2015 are as follows:

	<b>Short-term</b>	<b>Long-term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Secured</u>			
Hire purchase creditors	1,089	594	1,683
Term loans	12,990	23,384	36,374
	<u>14,079</u>	<u>23,978</u>	<u>38,057</u>

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

	<b>Short-term</b>	<b>Long-term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Currency</u>			
Singapore Dollar	10,908	6,525	17,433
New Taiwan Dollar	-	8,580	8,580
	<u>10,908</u>	<u>15,105</u>	<u>26,013</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 17 August 2015:

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

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

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

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

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



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

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

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

**B9. Earnings per share (“EPS”)**

**(a) Basic EPS**

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

	<b>Current Quarter</b>	<b>Preceding Corres- ponding Quarter</b>	<b>Current Year-to- date</b>	<b>Preceding Corres- ponding Year-to- date</b>
(Loss)/Profit attributable to owners of the Company (RM'000)	(723)	1,778	6,096	6,360
Number of shares in issue ('000)	1,011,408	1,011,408	1,011,408	1,011,408
Effects of:				
Exercise of warrants ('000)	42,027	-	26,419	-
Treasury shares acquired ('000)	(4,967)	(1,857)	(4,932)	(1,853)
Weighted average number of shares in issue ('000)	1,048,468	1,009,551	1,032,895	1,009,555
Basic EPS (sen)	(0.07)	0.18	0.59	0.63



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**b) Diluted EPS**

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

**B10. Dividends**

No dividend has been declared for the current quarter ended 30 June 2015.

By Order of the Board  
Frontken Corporation Berhad

Ng Wai Pin  
Chairman / Managing Director  
25 August 2015