



**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 2017**

(The figures have not been audited)

	Individual Quarter				Cumulative Quarter			
	Current Year Quarter 30 Jun 2017 RM '000	Preceding Year Corresponding Quarter 30 Jun 2016 RM '000	Changes RM'000 (%)		Current Year To-date 30 Jun 2017 RM '000	Preceding Year Corresponding Period 30 Jun 2016 RM '000	Changes RM'000 (%)	
Revenue	70,530	62,848	7,682	12	137,587	121,636	15,951	13
Operating expenses	(56,709)	(51,117)	(5,592)	11	(111,011)	(105,465)	(5,546)	5
Profit before depreciation and finance costs	13,821	11,731	2,090	18	26,576	16,171	10,405	64
Depreciation	(4,503)	(4,171)			(8,948)	(8,437)		
Finance costs	(221)	(275)			(426)	(600)		
Other operating income	1,224	1,163			2,456	3,203		
Share of results of associated companies	(54)	(22)			(68)	(28)		
Profit before tax	10,267	8,426	1,841	22	19,590	10,309	9,281	90
Taxation	(2,381)	(1,419)	(962)	68	(5,232)	(3,243)	(1,989)	61
Profit after tax	7,886	7,007	879	13	14,358	7,066	7,292	103
Other comprehensive expenses:								
Foreign currency translation	(5,502)	3,836			1,540	(5,360)		
Total comprehensive income for the period	<u>2,384</u>	<u>10,843</u>			<u>15,898</u>	<u>1,706</u>		
Profit after tax attributable to:								
Owners of the Company	5,824	4,991	833	17	10,846	3,752	7,094	189
Non-controlling interests	<u>2,062</u>	<u>2,016</u>			<u>3,512</u>	<u>3,314</u>		
Profit for the period	<u>7,886</u>	<u>7,007</u>			<u>14,358</u>	<u>7,066</u>		
Total comprehensive income attributable to:								
Owners of the Company	1,316	8,154			11,936	(214)		
Non-controlling interests	<u>1,068</u>	<u>2,689</u>			<u>3,962</u>	<u>1,920</u>		
Total comprehensive income for the period	<u>2,384</u>	<u>10,843</u>			<u>15,898</u>	<u>1,706</u>		
Earnings per share attributable to equity holders of the Company:								
Basic (sen)	<b>0.56</b>	<b>0.48</b>			<b>1.03</b>	<b>0.36</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 2016.



**FRONTKEN CORPORATION BERHAD**

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017**  
(The figures have not been audited)

	<b>Unaudited 30 Jun 2017 RM'000</b>	<b>Audited 31 Dec 2016 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	155,039	152,066
Investment in an associate	1,989	1,999
Goodwill on consolidation	33,761	33,761
Deferred tax assets	1,628	1,603
Fixed deposits with licensed banks	2,210	1,146
<b>Total non-current assets</b>	<u>194,627</u>	<u>190,575</u>
<b>Current assets</b>		
Inventories	15,005	10,976
Trade receivables	92,758	96,146
Other receivables, deposits and prepaid expenses	6,642	5,052
Amount owing by an associate	1,369	1,363
Current tax assets	913	1,182
Short-term investments	4,451	8,996
Fixed deposits with licensed banks	4,560	4,726
Cash and bank balances	102,950	88,746
<b>Total current assets</b>	<u>228,648</u>	<u>217,187</u>
<b>Total assets</b>	<u>423,275</u>	<u>407,762</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserve</b>		
Issued capital	118,925	105,344
Reserves	41,198	51,530
Retained earnings	114,611	104,736
Equity attributable to owners of the Company	<u>274,734</u>	<u>261,610</u>
Non-controlling interests	23,299	33,799
<b>Total equity</b>	<u>298,033</u>	<u>295,409</u>
<b>Non-current liabilities</b>		
Bank borrowings	18,542	20,260
Hire-purchase payables	259	354
Other payables	3,159	3,134
Deferred tax liabilities	1,537	1,672
<b>Total non-current liabilities</b>	<u>23,497</u>	<u>25,420</u>
<b>Current liabilities</b>		
Trade payables	17,209	20,827
Other payables and accrued expenses	61,234	52,427
Bank overdrafts	1,366	-
Bank borrowings	16,677	8,466
Hire purchase payable	214	249
Current tax liabilities	5,045	4,964
<b>Total current liabilities</b>	<u>101,745</u>	<u>86,933</u>
<b>Total liabilities</b>	<u>125,242</u>	<u>112,353</u>
<b>Total equity and liabilities</b>	<u>423,275</u>	<u>407,762</u>
<b>Net assets per share attributable to owners of the parents (RM)</b>	0.26	0.25

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 2016.



**FRONTKEN CORPORATION BERHAD**

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

(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	Statutory reserve	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of 1 January 2017	105,343	13,582	(663)	34,704	3,908	104,736	261,610	33,799	295,409
Other comprehensive income recognised for the period:									
Foreign currency translation	-	-	-	1,090	-	-	1,090	450	1,540
Profit for the period	-	-	-	-	-	10,846	10,846	3,512	14,358
Total comprehensive income for the period	-	-	-	1,090	-	10,846	11,936	3,962	15,898
Transfer pursuant to Companies Act 2016	13,582	(13,582)	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	2,159	(2,159)	-	-	-
Changes in ownership interests in subsidiary that do not result in loss of control	-	-	-	-	-	1,188	1,188	(14,462)	(13,274)
<b>Balance as of 30 June 2017</b>	<b>118,925</b>	<b>-</b>	<b>(663)</b>	<b>35,794</b>	<b>6,067</b>	<b>114,611</b>	<b>274,734</b>	<b>23,299</b>	<b>298,033</b>

**CORRESPONDING PERIOD CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	Non-distributable				Distributable		Attributable to owners of the Company	Non-controlling interests	Total
	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Statutory reserve	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of 1 January 2016	105,343	13,582	(599)	29,627	2,467	86,135	236,555	34,684	271,239
Other comprehensive income recognised for the period:									
Foreign currency translation	-	-	-	(3,966)	-	-	(3,966)	(1,394)	(5,360)
Profit for the period	-	-	-	-	-	3,752	3,752	3,314	7,066
Total comprehensive income for the period	-	-	-	(3,966)	-	3,752	(214)	1,920	1,706
Transfer to statutory reserve	-	-	-	-	1,409	(1,409)	-	-	-
Purchase of treasury shares	-	-	(34)	-	-	-	(34)	-	(34)
Changes in ownership interests in subsidiary that do not result in loss of control	-	-	-	-	-	25	25	(5,898)	(5,873)
<b>Balance as of 30 June 2016</b>	<b>105,343</b>	<b>13,582</b>	<b>(633)</b>	<b>25,661</b>	<b>3,876</b>	<b>88,503</b>	<b>236,332</b>	<b>30,706</b>	<b>267,038</b>

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 CASH FLOW STATEMENT FOR THE SECOND QUARTER ENDED  
30 JUNE 2017**

(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Period To Date	Preceding Corresponding Period
	30 Jun 2017 RM'000	30 Jun 2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	19,590	10,309
Adjustments for:		
Depreciation of property, plant and equipment	8,948	8,437
Interest expense	426	600
Unrealised loss on foreign exchange	3,082	2,497
Interest income	(463)	(349)
(Gain)/Loss on disposal of property, plant and equipment	(6)	125
Writeback of allowance for impairment losses on trade receivables	(1)	(11)
Plant and equipment written off	424	91
Allowance for impairment losses on receivables	63	45
Share of results of associates	68	28
Operating profit before working capital changes	32,131	21,772
Inventories	(4,045)	(357)
Trade receivables	3,423	2,582
Other receivables, deposits and prepaid expenses	(1,633)	(190)
Amount owing by an associate	1	(1)
Trade payables	(3,772)	(11,262)
Other payables and accrued expenses	8,542	3,508
Cash generated from operations	34,647	16,052
Taxes paid	(5,085)	(3,983)
Net cash from operating activities	29,562	12,069
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	463	349
Additional investment/acquisition of subsidiaries	(13,274)	(5,872)
Purchase of property, plant and equipment	(11,331)	(15,634)
Short-term investment	2,255	-
Proceeds from disposal of property, plant and equipment	112	27
Net placement of fixed deposits with licensed banks	(778)	240
Net cash for investing activities	(22,553)	(20,890)



**FRONTKEN CORPORATION BERHAD**

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

	<b>CUMULATIVE QUARTER</b>	
	<b>Current Period To Date 30 Jun 2017 RM'000</b>	<b>Preceding Corresponding Period 30 Jun 2016 RM'000</b>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>		
Interest paid	(426)	(600)
Dividend paid by a subsidiary to non-controlling interests	(358)	-
Drawdown of term loans	8,108	2,216
Repayment of term loans	(1,895)	(11,035)
Payment of hire purchase payables	(132)	(498)
Treasury shares acquired	-	(34)
Net cash from/(for) financing activities	5,297	(9,951)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	12,306	(18,772)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	98,068	105,117
<b>EFFECT OF EXCHANGE DIFFERENCES</b>	(1,650)	(3,947)
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	108,724	82,398
<b>THE CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	102,950	78,759
Fixed deposits with licensed banks	6,770	12,315
Short-term investments	4,451	-
Bank overdraft	(1,366)	(4,244)
	112,805	86,830
Less: Fixed deposits pledged with banks	(4,081)	(4,432)
Cash and cash equivalents	108,724	82,398

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 2016.



**FRONTKEN CORPORATION BERHAD**

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

**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 2016.

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 2016.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2016 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2017. 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 2017 RM'000</b>	<b>As at 30 Jun 2016 RM'000</b>
Total retained profits of FCB and its subsidiaries		
- Realised	140,958	112,529
- Unrealised	(443)	2,082
	<hr/> 140,515	<hr/> 114,611
Total share of retained profits from associated company		
- Realised	189	338
Less: Consolidation adjustments	(26,093)	(26,446)
Total Group retained profits	<hr/> 114,611	<hr/> 88,503

**A3. Audit qualification**

The auditors' report in respect of the audited consolidated financial statements of FCB for the financial year ended 31 December 2016 was not subjected to any qualification.

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

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



**FRONTKEN CORPORATION BERHAD**

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

**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 2017, the Company held 5,466,600 repurchased shares as treasury shares out of its total issued and paid-up share capital of 1,053,435,130 ordinary shares. Such treasury shares are held at a carrying amount of RM663,237.

**A8. Dividends**

The Board of Directors is pleased to declare an interim single tier dividend of 0.5 sen per share in respect of the financial year ending 31 December 2017.



**FRONTKEN CORPORATION BERHAD**

(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 June 2017 are set out below. Revenue and results by geographical sales were based on the location of the Group's subsidiaries.

**Current Quarter  
30 June 2017**

	<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	12,455	12,558	4,173	296	41,048	70,530
Inter-segment sales	162	56	-	-	66	284
Total revenue	<u>12,617</u>	<u>12,614</u>	<u>4,173</u>	<u>296</u>	<u>41,114</u>	<u>70,814</u>

Segment Results

Operating profit/(loss)	549	147	737	(341)	9,203	10,295
Interest income						247
Finance cost						(221)
Share of results in associates						(54)
Profit before taxation						<u>10,267</u>

**Current Year-to-date  
30 June 2017**

<u>Segment Revenue</u>						
External sales	25,718	25,999	8,969	464	76,437	137,587
Inter-segment sales	588	59	-	-	121	768
Total revenue	<u>26,306</u>	<u>26,058</u>	<u>8,969</u>	<u>464</u>	<u>76,558</u>	<u>138,355</u>





**FRONTKEN CORPORATION BERHAD**

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

**Current Year-to-date  
30 June 2017**

	<u>Singapore</u>	<u>Malaysia</u>	<u>Philippines</u>	<u>Indonesia</u>	<u>Taiwan</u>	<u>Elimination</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Segment Results</u>							
Operating profit/(loss)	770	1,677	1,626	(819)	16,367	-	19,621
Interest income							463
Finance cost							(426)
Share of results in associates							(68)
Profit before taxation							<u>19,590</u>
<u>Assets</u>							
Non-current assets							
- Property, plant and equipment	34,840	22,424	3,289	3,255	91,231	-	155,039
- Investment in an associate	1,989	-	-	-	-	-	1,989
- Deferred tax assets	-	-	-	-	1,628	-	1,628
- Goodwill	-	33,761	-	-	-	-	33,761
- Others	-	2,210	-	-	-	-	2,210
Current assets	88,469	19,478	16,103	1,130	111,817	(8,349)	228,648
Consolidated total assets							<u>423,275</u>
<u>Liabilities</u>							
Tax liabilities	1,407	825	144	-	4,206	-	6,582
Segment liabilities	27,554	48,514	6,582	9,880	73,946	(47,816)	118,660
Consolidated total liabilities							<u>125,242</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**

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

**A10. Profit before tax**

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

	<b>Current Quarter 30 Jun 2017</b>	<b>Current Year-to-date 30 Jun 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	247	463
Gain on disposal of property, plant and equipment	6	6
Foreign exchange loss	(544)	(2,256)
Writeback of allowance for impairment losses	1	1
Allowance for impairment losses on receivables	(53)	(63)
Interest expense	(221)	(426)
Plant and equipment written off	(424)	(424)
Depreciation of property, plant and equipment	(4,503)	(8,948)

**A11. Valuation of property, plant and equipment**

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

**A12. Material events subsequent to the end of the quarter**

There were no material events subsequent to the end of the current quarter under review up to the date of this report.

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

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

In the month of June 2017, the Company acquired 3,891,229 ordinary shares of NT\$10 each representing 11.42% of the issued and paid-up share capital of Ares Green Technology Corporation ("AGTC") for a total cash consideration of NT\$93,675,619 (equivalent to RM13,273,927). Following the acquisition, the Group's interest in AGTC increased to 84.65%.

**A14. Contingent liabilities**

As at 30 June 2017, the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position of the Group.



**FRONTKEN CORPORATION BERHAD**

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

**A15. Cash and cash equivalents**

	<b>As at 30 Jun 2017 RM'000</b>
Cash at bank	102,872
Cash on hand	78
Fixed deposits	6,770
Short-term investments	4,451
Bank overdraft	(1,366)
	<u>112,805</u>
Less: Fixed deposits pledged with banks	(4,081)
	<u><u>108,724</u></u>

**A16. Significant related party transactions**

	<b>Current Quarter 30 Jun 2017 RM'000</b>	<b>Current Year-to-date 30 Jun 2017 RM'000</b>
Sales to AMT	15	24
Sales to TTM	19	23
Purchase from AMT	1	1
Purchase from TTM	22	41
Rental payable to AMT	36	72

<b>Name of Related Parties</b>	<b>Relationship</b>
AMT	Sia Chiok Meng, a Director of FEM, is also a director and substantial shareholder of AMT.
A&I	Sia Chiok Meng, a director of FEM, is also a director and substantial shareholder of A&I.
TTM	Mohd Shukri Bin Hitam and Fauziah Binti Hamlawi, directors and shareholders of TTES, are also directors and shareholders of TTM.

Abbreviations:

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

**A17. Capital commitments**

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

	<b>As at 30 Jun 2017 RM'000</b>
Plant and equipment	<u><u>1,943</u></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 30 June 2016

The Group's revenue for the current quarter ended 30 June 2017 increased by approximately RM7.7 million (12.2%) compared to the preceding year corresponding quarter.

The Semiconductor Industry Association (SIA) reported that the global sales of semiconductor in the second quarter reached USD97.9 billion – up 5.8% on-quarter and notching an increase of 23.7% in the previous corresponding quarter. As a result of the positive growth of the semi-conductor business, the Group's subsidiaries in Taiwan and Singapore achieved an improved business performance of 33.8% and 19.3% respectively compared to the preceding year corresponding quarter. Our subsidiary in the Philippines also recorded a better performance mainly due to our expanded business portfolio. However, continued slowdown in the oil and gas sector resulted in a drop in business for the Group's subsidiaries engaged in that industry in Malaysia, Singapore and Indonesia.

The Group's profit before tax of RM10.3 million for the current quarter was RM1.8 million or 21.9% higher than the corresponding quarter's RM8.4 million. The higher profit was mainly due to improved performances by the Group's subsidiaries in Taiwan and Singapore despite a foreign exchange loss of RM0.5 million suffered in the current quarter.

Current 6 months period's performance against the 6 months period ended 30 June 2016

The Group's revenue of RM137.6 million for the current period ended 30 June 2017 ("FY2017") was RM16.0 million (13.1%) higher than that achieved in the preceding year corresponding period. The improvement was mainly due to better performances from the Group's subsidiaries in Taiwan and Singapore due to the positive growth of the semiconductor business. Year-to-date revenue during the first half of 2017 from our subsidiaries in Taiwan and Singapore rose 33.0% and 30.0% respectively compared to the first half of 2016. The subsidiary in the Philippines also achieved higher revenue in FY2017 due to new works secured. Indonesia's gross domestic product (GDP) grew more slowly than expected in the second quarter of 2017 at 5.01% and unchanged from the first quarter's pace, adding to signs that its economy is stuck in a low gear and may need more stimulus. This has partially resulted in a drop in business for our unit in Indonesia.

Against the same period last year, the profit before tax for the Group increased by approximately RM9.3 million (90.0%) as a result of improved revenue and profit margin. Vigilance in our cost management and continual efforts to explore ways to improve our efficiency drove the Group to achieve a better profit margin despite a lower percentage of revenue growth achieved.



**FRONTKEN CORPORATION BERHAD**

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

**B2. Comparison with immediate preceding quarter**

	<b>2nd Quarter 30 Jun 2017</b>	<b>1st Quarter 31 Mar 2017</b>	<b>Changes</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000 (%)</b>
Revenue	70,530	67,057	3,473 (5%)
Profit before tax	10,267	9,323	944 (10%)
Profit after tax	7,886	6,472	1,414 (22%)
Profit attributable to owners of the Company	5,824	5,022	802 (16%)

The Group's revenue was 5.2% or approximately RM3.5 million higher during the current quarter as compared to the immediate preceding quarter. This was mainly due to improved business performance for the Group's subsidiary in Taiwan.

The Group's improved unaudited profit before tax for the current quarter was mainly attributable to higher revenue and lower foreign exchange loss.

**B3. Prospects**

The Group recorded an improved results for the first half of 2017 compared to the preceding year corresponding period. The improvement in business and operating performance augur well with us as the global economy is expected to fare better in 2017 compared to 2016, particularly for the semi-conductor industry. While the global semi-conductor industry has enjoyed impressive sales growth midway through 2017, the Group anticipates that the overall business conditions this year will continue to be challenging amidst uncertainties such as the future trade policy of the United States as well as the economic performance of Europe and China.

In spite of the challenging operating environment, we anticipate that the overall business conditions in the remaining two quarters of the current financial year to remain encouraging unless our non-semiconductor business turns for the worst.

Overall, we are pleased with the performance of our Taiwan, Singapore and Philippines subsidiaries during the quarter and continue to be optimistic that they will contribute positively to the Group's earnings in 2017. However, our non-semiconductor services business in Malaysia and Singapore will continue to be challenging in light of the higher operating costs and business slowdown in those markets. While the Group's subsidiary in Indonesia is one out of four companies that possess an API certification to enable it to carry out repairs and rectification works or tender for projects from large oil companies for blowout preventer repairs, we are concerned that the overall operations in that country will continue to be impacted by the oil and gas downturn, coupled with lower than expected GDP growth and weakened consumer spending.

**B4. Variance in profit forecast**

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



**FRONTKEN CORPORATION BERHAD**

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

**B5. Taxation**

	<b>Current Quarter 30 Jun 2017</b>	<b>Current Year-to-date 30 Jun 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax	2,488	5,374
Deferred tax	(107)	(142)
	<u>2,381</u>	<u>5,232</u>

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

**B6. Status of corporate proposals**

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

**B7. Group borrowings**

As at 30 June 2017, the Group's borrowings were denominated in the following currencies:

	<b>As at 30 Jun 2017</b>		<b>As at 30 Jun 2016</b>	
	<b>Foreign currencies RM'000</b>	<b>RM'000</b>	<b>Foreign currencies RM'000</b>	<b>RM'000</b>
Short term				
<u>Secured</u>				
Bank overdrafts				
- Singapore Dollar	1,366	1,366	4,244	4,244
Hire purchase creditors				
- Singapore Dollar	108	108	160	160
- Ringgit Malaysia	-	106	-	127
Term loans				
- Singapore Dollar	1,733	1,733	1,657	1,657
- Ringgit Malaysia	-	2,159	-	1,999
Money market security				
- Singapore Dollar	12,785	12,785	8,199	8,199
		<u>18,257</u>		<u>16,386</u>
Long term				
<u>Secured</u>				
Hire purchase creditors				
- Singapore Dollar	38	38	139	139
- Ringgit Malaysia	-	221	-	186
Term loans				
- Singapore Dollar	3,464	3,464	4,969	4,969
- New Taiwan Dollar	14,137	14,137	12,472	12,472
- Ringgit Malaysia	-	941	-	3,115
		<u>37,058</u>		<u>37,267</u>



**FRONTKEN CORPORATION BERHAD**

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

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>
As at 30 Jun 2017			
<u>Currency</u>			
Singapore Dollar	15,992	3,502	19,494
New Taiwan Dollar	-	14,137	14,137
	<u>15,992</u>	<u>17,639</u>	<u>33,631</u>
As at 30 Jun 2016			
<u>Currency</u>			
Singapore Dollar	14,260	5,108	19,368
New Taiwan Dollar	-	12,472	12,472
	<u>14,260</u>	<u>17,580</u>	<u>31,840</u>

**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 17 August 2017.

**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 in issue.

	<b>Current Quarter</b>	<b>Preceding Corresponding Quarter</b>	<b>Current Year-to-date</b>	<b>Preceding Corresponding Year-to-date</b>
Profit attributable to owners of the Company (RM'000)	5,824	4,991	10,846	3,752
Number of shares in issue ('000)	1,053,435	1,053,435	1,053,435	1,053,435
Effects of:				
Treasury shares acquired ('000)	(5,467)	(5,267)	(5,467)	(5,202)
Weighted average number of shares in issue ('000)	1,047,968	1,048,168	1,047,968	1,048,233
Basic EPS (sen)	0.56	0.48	1.03	0.36



**FRONTKEN CORPORATION BERHAD**

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

**b) Diluted EPS**

The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

**B10. Dividends**

The Board of Directors is pleased to declare an interim single tier dividend of 0.5 sen per share in respect of the financial year ending 31 December 2017.

By Order of the Board  
Frontken Corporation Berhad

Ng Wai Pin  
Chairman / Managing Director  
24 August 2017