

**FRONTKEN CORPORATION BERHAD**

(Co. No. 651020-T)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**  
(The figures have not been audited)

	Individual Quarter				Cumulative Quarter			
	Current Year Quarter 31 Dec 2018 RM '000	Preceding Year Corresponding Quarter 31 Dec 2017 RM '000	Changes RM'000 (%)		Current Year To-date 31 Dec 2018 RM '000	Preceding Year Corresponding Period 31 Dec 2017 RM '000	Changes RM'000 (%)	
Revenue	88,665	80,376	8,289	10	327,218	296,580	30,638	10
Operating expenses	(61,255)	(62,766)	1,511	(2)	(239,240)	(235,197)	(4,043)	2
Profit before depreciation and finance costs	27,410	17,610	9,800	56	87,978	61,383	26,595	43
Depreciation	(4,268)	(4,700)			(17,301)	(18,472)		
Finance costs	(92)	(243)			(568)	(931)		
Other operating income	1,375	957			5,428	4,218		
Share of results of associated companies	-	12			78	(51)		
Profit before tax	24,425	13,636	10,789	79	75,615	46,147	29,468	64
Taxation	(4,415)	(2,375)	(2,040)	86	(18,613)	(9,739)	(8,874)	91
Profit after tax	20,010	11,261	8,749	78	57,002	36,408	20,594	57
Profit after tax attributable to :								
Owners of the Company	18,683	9,827	8,856	90	52,257	29,858	22,399	75
Non-controlling interests	1,327	1,434			4,745	6,550		
Profit for the period	20,010	11,261			57,002	36,408		
Profit for the period	20,010	11,261			57,002	36,408		
Other comprehensive expenses:								
Actuarial gains/(losses)	398	(141)			398	(141)		
Foreign currency translation	72	(4,729)			(1,571)	(5,562)		
Total comprehensive income for the period	20,480	6,391			55,829	30,705		
Total comprehensive income attributable to:								
Owners of the Company	19,172	4,999			51,317	24,042		
Non-controlling interests	1,308	1,392			4,512	6,663		
Total comprehensive income for the period	20,480	6,391			55,829	30,705		
Earnings per share attributable to equity holders of the company :								
Basic (sen)	1.78	0.94			4.99	2.85		

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

The comparative figures are based on audited financial statements of the Company for the financial year ended 31 December 2017.

**FRONTKEN CORPORATION BERHAD**

(Co. No. 651020-T)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

(The figures have not been audited)

	<b>Unaudited 31 Dec 2018 RM'000</b>	<b>Audited 31 Dec 2017 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	140,400	150,046
Investment in an associate	-	1,963
Goodwill on consolidation	33,761	33,761
Deferred tax assets	2,155	1,681
Fixed deposits with licensed banks	1,177	1,256
<b>Total non-current assets</b>	<u>177,493</u>	<u>188,707</u>
<b>Current assets</b>		
Inventories	13,711	13,475
Trade receivables	106,846	91,715
Other receivables, deposits and prepaid expenses	6,727	5,302
Amount owing by an associate	-	1,334
Current tax assets	376	1,243
Short-term investments	13,288	3,508
Fixed deposits with licensed banks	3,627	6,493
Cash and bank balances	132,992	119,314
<b>Total current assets</b>	<u>277,567</u>	<u>242,384</u>
<b>Total assets</b>	<u>455,060</u>	<u>431,091</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserve</b>		
Issued capital	118,925	118,925
Reserves	36,120	34,367
Retained earnings	169,995	128,308
Equity attributable to owners of the Company	<u>325,040</u>	<u>281,600</u>
Non-controlling interests	19,604	24,373
<b>Total equity</b>	<u>344,644</u>	<u>305,973</u>
<b>Non-current liabilities</b>		
Bank borrowings	7,533	11,547
Hire-purchase payables	1,341	166
Other payables	2,793	3,225
Deferred tax liabilities	681	1,123
<b>Total non-current liabilities</b>	<u>12,348</u>	<u>16,061</u>
<b>Current liabilities</b>		
Trade payables	18,118	19,078
Other payables and accrued expenses	63,467	60,559
Bank overdrafts	-	5,182
Bank borrowings	3,915	16,750
Hire purchase payable	862	182
Current tax liabilities	11,706	7,306
<b>Total current liabilities</b>	<u>98,068</u>	<u>109,057</u>
<b>Total liabilities</b>	<u>110,416</u>	<u>125,118</u>
<b>Total equity and liabilities</b>	<u>455,060</u>	<u>431,091</u>
<b>Net assets per share attributable to owners of the parents (RM)</b>	0.31	0.27

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 2017.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

(The figures have not been audited)

	----- Non-distributable ----->					Distributable			
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Statutory reserve RM'000	Retained earnings RM'000	Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total RM'000
Balance as of 1 January 2018	118,925	-	(663)	28,983	6,047	128,308	281,600	24,373	305,973
Other comprehensive income recognised for the period:									
Defined benefit plan actuarial gain	-	-	-	-	-	371	371	27	398
Foreign currency translation	-	-	-	(1,311)	-	-	(1,311)	(260)	(1,571)
Profit for the period	-	-	-	-	-	52,257	52,257	4,745	57,002
Total comprehensive income for the period	-	-	-	(1,311)	-	52,628	51,317	4,512	55,829
Dividends:									
- by the Company	-	-	-	-	-	(7,336)	(7,336)	-	(7,336)
- by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(2,689)	(2,689)
Transfer to statutory reserve	-	-	-	-	3,064	(3,064)	-	-	-
Changes in ownership interests in subsidiary that do not result in loss of control	-	-	-	-	-	(541)	(541)	(6,592)	(7,133)
<b>Balance as of 31 December 2018</b>	<b>118,925</b>	<b>-</b>	<b>(663)</b>	<b>27,672</b>	<b>9,111</b>	<b>169,995</b>	<b>325,040</b>	<b>19,604</b>	<b>344,644</b>

**CORRESPONDING PERIOD CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

	----- Non-distributable ----->					Distributable			
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Statutory reserve RM'000	Retained earnings RM'000	Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total 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:									
Defined benefit plan actuarial loss	-	-	-	-	-	(95)	(95)	(46)	(141)
Foreign currency translation	-	-	-	(5,721)	-	-	(5,721)	159	(5,562)
Profit for the period	-	-	-	-	-	29,858	29,858	6,550	36,408
Total comprehensive income for the period	-	-	-	(5,721)	-	29,763	24,042	6,663	30,705
Dividends :									
- by the Company	-	-	-	-	-	(5,240)	(5,240)	-	(5,240)
- by subsidiary to non-controlling interests	-	-	-	-	-	-	-	(1,627)	(1,627)
Transfer to share capital upon implementation of the Companies Act 2016	13,582	(13,582)	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	2,139	(2,139)	-	-	-
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 31 December 2017</b>	<b>118,925</b>	<b>-</b>	<b>(663)</b>	<b>28,983</b>	<b>6,047</b>	<b>128,308</b>	<b>281,600</b>	<b>24,373</b>	<b>305,973</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**

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Period To Date	Preceding Corresponding Period
	31 Dec 2018 RM'000	31 Dec 2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	75,615	46,147
Adjustments for:		
Depreciation of property, plant and equipment	17,301	18,472
Interest expense	568	931
Unrealised (gain)/loss on foreign exchange	(617)	4,614
Interest income	(917)	(845)
Gain on disposal of property, plant and equipment	(164)	(11)
Writeback of allowance for impairment losses on trade receivables	(10)	(60)
Plant and equipment written off	11	507
Allowance for impairment loss on plant and equipment	-	50
Allowance for impairment losses on receivables	933	71
Bad debt written off	153	-
Gain on disposal of an associate	(672)	-
Inventories written off	-	137
Share of results of associates	(78)	51
Operating profit before working capital changes	92,123	70,064
Inventories	(380)	(2,955)
Trade receivables	(16,590)	2,181
Other receivables, deposits and prepaid expenses	(1,493)	(425)
Amount owing by an associate	1,331	2
Trade payables	(826)	(1,355)
Other payables and accrued expenses	3,376	9,419
Cash generated from operations	77,541	76,931
Taxes paid	(14,219)	(7,902)
Net cash from operating activities	63,322	69,029
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	917	845
Additional investment of subsidiaries	(7,133)	(13,274)
Purchase of property, plant and equipment	(7,492)	(20,152)
(Placement)/Withdrawal of short-term investments	-	2,198
Proceeds from disposal of property, plant and equipment	1,077	138
Proceeds from disposal of an associate	2,497	-
Net withdrawal/(placement) of fixed deposits with licensed banks	2,993	(1,833)
Net cash for investing activities	(7,141)	(32,078)

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	<b>CUMULATIVE QUARTER</b>	
	<b>Current Period To Date</b>	<b>Preceding Corresponding Period</b>
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Interest paid	(568)	(931)
Dividend paid by the Company	(7,336)	(5,240)
Dividend paid by subsidiaries to non-controlling interests	(2,626)	(1,985)
Drawdown of term loans	-	7,902
Repayment of term loans	(16,712)	(7,884)
Payment of hire purchase payables	(545)	(251)
Net cash for financing activities	(27,787)	(8,389)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	28,394	28,562
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	120,253	98,068
<b>EFFECT OF EXCHANGE DIFFERENCES</b>	293	(6,377)
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	148,940	120,253
<b>THE CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	132,992	119,314
Fixed deposits with licensed banks	4,804	7,749
Short-term investments	13,288	3,508
Bank overdraft	-	(5,182)
	151,084	125,389
Less: Fixed deposits pledged with banks	(1,962)	(3,136)
Less: Fixed deposits with maturity more than 3 months	(182)	(2,000)
Cash and cash equivalents	148,940	120,253

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

The comparative figures are based on audited financial statements of the Company for the financial year ended 31 December 2017.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018****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 2017.

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 2017.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2017 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2018. The adoption of the MFRSs and Amendments do not have significant impact on the financial statements of the Group.

**A2. Audit qualification**

The auditors' report in respect of the audited consolidated financial statements of FCB for the financial year ended 31 December 2017 was not subjected to any qualification.

**A3. Seasonality or cyclicity of interim operations**

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

**A4. Unusual items affecting assets, liabilities, equity, net income or cash flows**

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

**A5. Material changes in estimates**

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

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

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations or resale of treasury shares during the current quarter.

As at 31 December 2018, 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.

**A7. Dividends**

During the financial year ended 31 December 2018, the Company paid the following dividend:

First interim single tier dividend on 21 December 2018, in respect of the financial year ending 31 December 2018, of 0.7 sen per ordinary share on 1,047,968,530 ordinary shares amounting to RM7,335,779.

The Board is pleased to announce that it will be declaring a second interim single tier dividend of 0.8 sen per ordinary share of 1,047,968,530 ordinary shares.



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**A8. Segmental information**

The breakdown of the Group's revenue and results by geographical regions for the quarter ended 31 December 2018 are set out below. Revenue and results by geographical sales were based on the location of the Group's subsidiaries.

**Current Quarter  
31 December 2018**

	<u>Singapore</u>	<u>Malaysia</u>	<u>Philippines</u>	<u>Indonesia</u>	<u>Taiwan</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>						
External sales	21,804	14,938	4,126	145	47,652	88,665
Inter-segment sales	420	26	78	-	102	626
Total revenue	<u>22,224</u>	<u>14,964</u>	<u>4,204</u>	<u>145</u>	<u>47,754</u>	<u>89,291</u>

Segment Results

Operating (loss)/profit	9,298	832	442	89	13,519	24,180
Interest income						312
Gain on disposal of an associate						25
Finance cost						(92)
Share of results in associates						-
Profit before taxation						<u>24,425</u>

**Current Year-to-date  
31 December 2018**

<u>Segment Revenue</u>						
External sales	65,151	57,773	17,238	968	186,088	327,218
Inter-segment sales	939	282	190	-	154	1,565
Total revenue	<u>66,090</u>	<u>58,055</u>	<u>17,428</u>	<u>968</u>	<u>186,242</u>	<u>328,783</u>





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**Current Year-to-date  
31 December 2018**

	<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)	18,442	4,964	2,653	(939)	49,396	-	74,516
Interest income							917
Gain on disposal of an associate							672
Finance cost							(568)
Share of results in associates							78
Profit before taxation							<u>75,615</u>
<u>Assets</u>							
Non-current assets							
- Property, plant and equipment	26,647	22,585	2,311	2,268	86,589	-	140,400
- Deferred tax assets	-	-	-		2,155	-	2,155
- Goodwill	-	33,761	-	-	-	-	33,761
- Others	-	1,177	-	-	-	-	1,177
Current assets	91,252	23,205	17,714	906	139,388	5,102	<u>277,567</u>
Consolidated total assets							<u>455,060</u>
<u>Liabilities</u>							
Tax liabilities	3,751	489	50	-	8,097	-	12,387
Segment liabilities	11,345	36,993	4,547	9,501	71,949	(36,306)	<u>98,029</u>
Consolidated total liabilities							<u>110,416</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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**A9. Profit before tax**

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

	<b>Current Quarter 31 Dec 2018</b>	<b>Current Year-to-date 31 Dec 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	312	917
Writeback of allowance for impairment losses on receivables	3	10
Gain on disposal of an associate	25	672
Foreign exchange (loss)/gain	(27)	464
Gain on disposal of property, plant and equipment	14	164
Allowance for impairment losses on receivables	(751)	(933)
Bad debt written off	(153)	(153)
Interest expense	(92)	(568)
Property, plant and equipment written off	(11)	(11)
Depreciation of property, plant and equipment	(4,268)	(17,301)

**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.

In the month of November 2018, the Company acquired 278,298 ordinary shares of NT\$10 each representing 0.82% of the issued and paid-up share capital of Ares Green Technology Corporation ("AGTC") for a total cash consideration of NT\$9,353,279 (equivalent to RM1,270,339). Following the acquisition, the Group's interest in AGTC increased to 89.59%.

**A13. Contingent liabilities**

As at 31 December 2018, the Group has no contingent liabilities which, upon crystallization, would have a material impact on the financial position of the Group.

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**A14. Cash and cash equivalents**

	<b>As at 31 Dec 2018</b>
	<b>RM'000</b>
Cash at bank	132,912
Cash on hand	80
Fixed deposits	4,804
Short-term investments – unit trust	13,288
	151,084
Less: Fixed deposits pledged with banks	(1,962)
Less: Fixed deposits with maturity period more than 3 months	(182)
	<b>148,940</b>

**A15. Significant related party transactions**

	<b>Current Quarter 31 Dec 2018</b>	<b>Current Year-to-date 31 Dec 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Sales to AMT	-	5
Sales to TTM	15	43
Purchase from AMT	4	5
Purchase from TTM	20	87
Rental payable to AMT	36	144

<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.
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*

*TTM*    *Tenaga-Tech (M) Sdn Bhd*

*FEM*    *Frontken (East Malaysia) Sdn Bhd*

*TTES*    *TTES Frontken Integrated Services Sdn. Bhd.*

**A16. Capital commitments**

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

	<b>As at 31 Dec 2018</b>
	<b>RM'000</b>
Plant and equipment	633

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS****B1. Analysis of performance**Current quarter's performance against the quarter ended 31 December 2017

The Group's revenue for the current quarter ended 31 December 2018 increased by approximately RM8.3 million (10.3%) compared to the preceding year corresponding quarter.

The Group's subsidiaries in Singapore and Malaysia performed better compared to the preceding year corresponding quarter. The Semiconductor Industry Association (SIA) announced that the global semiconductor industry posted sales of USD114.7 billion in the fourth quarter of 2018, an increase of 0.6% compared to the fourth quarter of 2017. As a result of the positive growth of the semi-conductor business and improvement in oil and gas business in Malaysia and Singapore, the Group's subsidiaries in Singapore and Malaysia achieved an improved business performance of 40.6% and 25.2% respectively compared to the preceding year corresponding quarter. Our subsidiary in Taiwan recorded a marginally lower revenue of 0.5% due to weaker translation rate from New Taiwan Dollar to Ringgit Malaysia in the current quarter. If it were to be assessed in New Taiwan Dollar, its current quarter's revenue would have been 1.9% better than the preceding quarter. However, slowdown in the oil & gas and power sector resulted in a drop in business for the Group's subsidiaries engaged in that industry in Indonesia and the Philippines.

The Group's profit before tax ("PBT") of RM24.4 million for the current quarter was RM10.8 million or 79.1% higher than the corresponding quarter's RM13.6 million. The higher profit was mainly due to improved performances by the Group's subsidiaries in Taiwan, Singapore and Malaysia and lower foreign exchange loss.

Current 12 months period's performance against the 12 months period ended 31 December 2017

The Group's revenue of RM327.2 million for the current period ended 31 December 2018 was RM30.6 million (10.3%) higher than that achieved in the preceding year corresponding period. The improvement was mainly due to better performances from the Group's subsidiaries in Singapore, Malaysia and Taiwan. Year-to-date revenue from our subsidiaries in Singapore, Malaysia and Taiwan rose 17.1%, 14.9% and 8.6% respectively compared to the preceding year corresponding period. This was consistent with the report issued by SIA on the overall growth in the semiconductor industry which had directly benefitted the Group's performance.

Against the same period last year, the PBT for the Group increased by RM29.5 million (63.9%) as a result of improved revenue, vigilance in cost management and a small gain on disposal of an associate. The profit after tax for the Group for the current period was RM57.0 million, an increase of RM20.6 million (56.6%) compared to the preceding year corresponding period.

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**B2. Comparison with immediate preceding quarter**

	<b>4rd Quarter 31 Dec 2018</b>	<b>3rd Quarter 30 Sept 2018</b>	<b>Changes</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000 (%)</b>
Revenue	88,665	85,857	2,808 (3%)
Profit before tax	24,425	20,645	3,780 (18%)
Profit after tax	20,010	16,532	3,478 (21%)
Profit attributable to owners of the Company	18,683	15,187	3,496 (23%)

The Group's revenue was 3.3% or approximately RM2.8 million higher during the current quarter as compared to the immediate preceding quarter due to improved business performance for the Group's subsidiary in Singapore.

The Group's improved unaudited PBT for the current quarter was mainly due to higher revenue and better cost structure due to our continual efforts to explore ways to improve our efficiency.

**B3. Prospects**

The SIA announced that the global semiconductor industry posted sales of USD468.8 billion in 2018, the industry's highest-ever annual total, an increase of 13.7% compared to the 2017 total sales. While market growth slowed during the second half of 2018, SIA viewed the long-term outlook of the industry remains strong. Semiconductors will continue to make the world more connected, and a range of budding technologies – artificial intelligence, virtual reality, the Internet of Things (IOT), among many others – hold tremendous promise for future growth.

In 2018, the Group achieved another remarkable performance with a historical high profit after tax of RM57 million, mainly attributable to the stronger performance from the Group's subsidiaries in Taiwan, Singapore and Malaysia engaged in the Semiconductor industry. However, the projected global growth has somewhat weakened with the revised world economy projected to only expand 3.5% in 2019 and 3.6% in 2020, a 0.2% and 0.1% below October 2018 world Economic Outlook (WEO) forecast. The yet unresolved trade tensions remains a key source of risk to the current outlook. Amid the uncertainties in future trade policy of the United States as well as the economic performance of Europe and China, the Group anticipates that the overall business conditions in 2019 will continue to be challenging. To that end, we will continue to focus our attention on the quality of our services and cost management so as to maintain our competitiveness.

We believe that our subsidiaries in Taiwan, Singapore, Malaysia and the Philippines will be able to continue with its momentum during the year and therefore we are cautiously optimistic that they will contribute positively to the Group's earnings in 2019.

**B4. Variance in profit forecast**

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

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**B5. Taxation**

	<b>Current Quarter 31 Dec 2018</b>	<b>Current Year-to-date 31 Dec 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax	4,851	17,060
Deferred tax	(437)	(884)
Withholding tax	1	2,437
	4,415	18,613

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**

The Group's borrowings as at 31 December 2018 are as follows:

	<b>As at 31 Dec 2018</b>		<b>As at 31 Dec 2017</b>	
	<b>Foreign currencies RM'000</b>	<b>RM'000</b>	<b>Foreign currencies RM'000</b>	<b>RM'000</b>
<b>Short term</b>				
<u>Secured</u>				
Bank overdrafts				
- Singapore Dollar	-	-	5,182	5,182
Hire purchase creditors				
- Singapore Dollar	-	-	74	74
- Ringgit Malaysia	-	862	-	108
Term loans				
- Singapore Dollar	1,685	1,685	1,688	1,688
- New Taiwan Dollar	2,230	2,230	563	563
- Ringgit Malaysia	-	-	-	2,038
Money market security				
- Singapore Dollar	-	-	12,461	12,461
		4,777		22,114
<b>Long term</b>				
<u>Secured</u>				
Hire purchase creditors				
- Ringgit Malaysia	-	1,341	-	166
Term loans				
- Singapore Dollar	842	842	2,532	2,532
- New Taiwan Dollar	6,691	6,691	9,015	9,015
		13,651		33,827

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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 31 Dec 2018			
<u>Currency</u>			
Singapore Dollar	1,685	842	2,527
New Taiwan Dollar	2,230	6,691	8,921
	<u>3,915</u>	<u>7,533</u>	<u>11,448</u>
As at 31 Dec 2017			
<u>Currency</u>			
Singapore Dollar	19,405	2,532	21,937
New Taiwan Dollar	563	9,015	9,578
	<u>19,968</u>	<u>11,547</u>	<u>31,515</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 4 February 2018.

**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)	18,683	9,827	52,257	29,858
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)	(5,467)	(5,467)	(5,467)
Weighted average number of shares in issue ('000)	1,047,968	1,047,968	1,047,968	1,047,968
Basic EPS (sen)	1.78	0.94	4.99	2.85

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**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**

During the financial year ended 31 December 2018, the Company paid the following dividend:

First interim single tier dividend on 21 December 2018, in respect of the financial year ending 31 December 2018, of 0.7 sen per ordinary share on 1,047,968,530 ordinary shares amounting to RM7,335,779.

The Board is pleased to announce that it will be declaring a second interim single tier dividend of 0.8 sen per ordinary share of 1,047,968,530 ordinary shares.

By Order of the Board  
Frontken Corporation Berhad

Ng Wai Pin  
Chairman / Chief Executive Officer  
12 February 2019