

**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 2019**  
(The figures have not been audited)

	Individual Quarter				Cumulative Quarter			
	Current Year Quarter 31 Dec 2019 RM '000	Preceding Year Corresponding Quarter 31 Dec 2018 RM '000	Changes RM'000 (%)		Current Year To-date 31 Dec 2019 RM '000	Preceding Year Corresponding Period 31 Dec 2018 RM '000	Changes RM'000 (%)	
Revenue	88,888	88,665	223	0	339,911	327,218	12,693	4
Operating expenses	(61,106)	(61,255)	149	(0)	(228,967)	(239,240)	10,273	(4)
Profit before depreciation and finance costs	27,782	27,410	372	1	110,944	87,978	22,966	26
Depreciation	(3,760)	(4,268)			(17,818)	(17,301)		
Finance costs	(140)	(92)			(756)	(568)		
Other operating income	608	1,375			3,891	5,428		
Share of results of associated companies	-	-			-	78		
Profit before tax	24,490	24,425	65	0	96,261	75,615	20,646	27
Taxation	(4,905)	(4,415)	(490)	11	(22,033)	(18,613)	(3,420)	18
Profit after tax	19,585	20,010	(425)	(2)	74,228	57,002	17,226	30
Profit after tax attributable to :								
Owners of the Company	18,199	18,683	(484)	(3)	69,170	52,257	16,913	32
Non-controlling interests	1,386	1,327			5,058	4,745		
Profit for the period	19,585	20,010			74,228	57,002		
Profit for the period	19,585	20,010			74,228	57,002		
Other comprehensive expenses:								
Actuarial gains	4	398			4	398		
Foreign currency translation	2,253	72			2,262	(1,571)		
Total comprehensive income for the period	21,842	20,480			76,494	55,829		
Total comprehensive income attributable to:								
Owners of the Company	20,277	19,172			71,291	51,317		
Non-controlling interests	1,565	1,308			5,203	4,512		
Total comprehensive income for the period	21,842	20,480			76,494	55,829		
Earnings per share attributable to equity holders of the company :								
Basic (sen)	1.74	1.78			6.60	4.99		

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 2018.

## FRONTKEN CORPORATION BERHAD

(Co. No. 651020-T)  
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

(The figures have not been audited)

	<b>Unaudited 31 Dec 2019 RM'000</b>	<b>Audited 31 Dec 2018 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	145,466	140,400
Goodwill on consolidation	33,761	33,761
Deferred tax assets	2,296	2,155
Fixed deposits with licensed banks	1,270	1,177
<b>Total non-current assets</b>	<u>182,793</u>	<u>177,493</u>
<b>Current assets</b>		
Inventories	15,101	13,711
Trade receivables	86,300	106,846
Other receivables, deposits and prepaid expenses	7,380	6,727
Current tax assets	-	376
Short-term investments	10,684	13,288
Fixed deposits with licensed banks	16,306	3,627
Cash and bank balances	197,161	132,992
<b>Total current assets</b>	<u>332,932</u>	<u>277,567</u>
<b>Total assets</b>	<u>515,725</u>	<u>455,060</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserve</b>		
Issued capital	118,925	118,925
Reserves	42,128	36,120
Retained earnings	215,919	169,995
Equity attributable to owners of the Company	<u>376,972</u>	<u>325,040</u>
Non-controlling interests	21,776	19,604
<b>Total equity</b>	<u>398,748</u>	<u>344,644</u>
<b>Non-current liabilities</b>		
Bank borrowings	-	7,533
Lease liabilities	11,931	1,341
Other payables	2,715	2,793
Deferred tax liabilities	408	681
<b>Total non-current liabilities</b>	<u>15,054</u>	<u>12,348</u>
<b>Current liabilities</b>		
Trade payables	16,889	18,118
Other payables and accrued expenses	67,123	63,467
Bank borrowings	844	3,915
Lease liabilities	3,033	862
Current tax liabilities	14,034	11,706
<b>Total current liabilities</b>	<u>101,923</u>	<u>98,068</u>
<b>Total liabilities</b>	<u>116,977</u>	<u>110,416</u>
<b>Total equity and liabilities</b>	<u>515,725</u>	<u>455,060</u>
<b>Net assets per share attributable to owners of the parents (RM)</b>	0.36	0.31

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 2018.

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(Co. No. 651020-T)  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

(The figures have not been audited)

	<--- Non-distributable --->			Distributable		Attributable to owners of the Company	Non-controlling interests	Total
	Share capital	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
Balance at 1 January 2019								
- as previously stated	118,925	(663)	27,672	9,111	169,995	325,040	19,604	344,644
- effect of adopting MFRS 16	-	-	-	-	(53)	(53)	-	(53)
Balance at 1 January 2019, as restated	118,925	(663)	27,672	9,111	169,942	324,987	19,604	344,591
Other comprehensive income recognised for the period:								
Defined benefit plan actuarial gain	-	-	-	-	11	11	(7)	4
Foreign currency translation	-	-	2,110	-	-	2,110	152	2,262
Profit for the period	-	-	-	-	69,170	69,170	5,058	74,228
Total comprehensive income for the period	-	-	2,110	-	69,181	71,291	5,203	76,494
Dividends:								
- by the Company	-	-	-	-	(18,863)	(18,863)	-	(18,863)
- by a subsidiary to non-controlling interests	-	-	-	-	-	-	(837)	(837)
Transfer to statutory reserve	-	-	-	3,898	(3,898)	-	-	-
Changes in ownership interests in subsidiary that do not result in loss of control	-	-	-	-	(443)	(443)	(2,194)	(2,637)
<b>Balance at 31 December 2019</b>	<b>118,925</b>	<b>(663)</b>	<b>29,782</b>	<b>13,009</b>	<b>215,919</b>	<b>376,972</b>	<b>21,776</b>	<b>398,748</b>

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

	<--- Non-distributable --->			Distributable		Attributable to owners of the Company	Non-controlling interests	Total
	Share capital	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
Balance at 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
Dividend payable by a subsidiary to								
- 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 at 31 December 2018</b>	<b>118,925</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>

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 FOURTH QUARTER ENDED 31 DECEMBER 2019**

(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Period To Date	Preceding Corresponding Period
	31 Dec 2019 RM'000	31 Dec 2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	96,261	75,615
Adjustments for:		
Depreciation of property, plant and equipment	17,818	17,301
Interest expense	756	568
Unrealised gain on foreign exchange	(253)	(617)
Interest income	(1,150)	(917)
Gain on disposal of property, plant and equipment	(14)	(164)
Writeback of allowance for impairment losses on trade receivables	(2)	(10)
Plant and equipment written off	-	11
Allowance for impairment losses on receivables	-	933
Bad debt written off	-	153
Gain on disposal of an associate	-	(672)
Share of results of associates	-	(78)
Operating profit before working capital changes	113,416	92,123
Inventories	(1,275)	(380)
Trade receivables	21,096	(16,590)
Other receivables, deposits and prepaid expenses	(565)	(1,493)
Amount owing by an associate	-	1,331
Trade payables	(1,313)	(826)
Other payables and accrued expenses	3,319	3,376
Cash generated from operations	134,678	77,541
Taxes paid	(19,777)	(14,219)
Net cash from operating activities	114,901	63,322
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	1,150	917
Additional investment of a subsidiary	(2,637)	(7,133)
Purchase of property, plant and equipment	(7,032)	(7,492)
Proceeds from disposal of property, plant and equipment	15	1,077
Proceeds from disposal of an associate	-	2,497
Net (placement)/withdrawal of fixed deposits with licensed banks	(3,609)	2,992
Net cash for investing activities	(12,113)	(7,142)

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	<b>CUMULATIVE QUARTER</b>	
	<b>Current Period To Date</b>	<b>Preceding Corresponding Period</b>
	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Interest paid	(756)	(568)
Dividend paid by the Company	(18,863)	(7,336)
Dividend paid by a subsidiary to non-controlling interests	(1,048)	(2,626)
Repayment of term loans	(10,678)	(16,712)
Payment of lease liabilities	(2,366)	(544)
Net cash for financing activities	(33,711)	(27,786)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	69,077	28,394
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	148,940	120,253
<b>EFFECT OF EXCHANGE DIFFERENCES</b>	1,652	293
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	219,669	148,940
<b>THE CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	197,161	132,992
Fixed deposits with licensed banks	17,576	4,804
Short-term investments	10,684	13,288
	225,421	151,084
Less: Fixed deposits pledged with banks	(2,068)	(1,962)
Less: Fixed deposits with maturity more than 3 months	(3,684)	(182)
Cash and cash equivalents	219,669	148,940

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 2018.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019****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 2018.

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 since the financial year ended 31 December 2018.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2018 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2019. 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 2018 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 2019, 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 2019, the Company paid the following dividend:

Second interim single-tier dividend on 28 March 2019, in respect of the financial year ended 31 December 2018, of 0.8 sen per ordinary share on 1,047,968,530 ordinary shares amounting to RM8,383,748.

First single tier dividend on 27 September 2019, in respect of the financial year ending 31 December 2019, of 1 sen per ordinary share on 1,047,968,530 ordinary shares amounting to RM10,479,685.

The Board of Directors is pleased to declare a second single tier dividend of 1.5 sen per share in respect of the financial year ended 31 December 2019 on 1,047,968,530 ordinary shares amounting to RM15,719,528.

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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 2019 are set out below. Revenue and results by geographical sales were based on the location of the Group's subsidiaries.

#### Current Quarter 31 December 2019

	Singapore	Malaysia	Philippines	Indonesia	Taiwan	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>						
External sales	17,670	15,597	3,701	336	51,584	88,888
Inter-segment sales	169	747	93	-	89	1,098
Total revenue	<u>17,839</u>	<u>16,344</u>	<u>3,794</u>	<u>336</u>	<u>51,673</u>	<u>89,986</u>
<u>Segment Results</u>						
Operating profit/(loss)	5,732	1,442	354	35	16,717	24,280
Interest income						350
Finance cost						(140)
Profit before taxation						<u>24,490</u>

#### Current Year-to-date 31 December 2019

<u>Segment Revenue</u>						
External sales	69,809	64,034	15,951	928	189,189	339,911
Inter-segment sales	965	6,121	182	-	299	7,567
Total revenue	<u>70,774</u>	<u>70,155</u>	<u>16,133</u>	<u>928</u>	<u>189,488</u>	<u>347,478</u>

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**Current Year-to-date  
31 December 2019**

	<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)	24,015	12,573	2,378	(164)	57,065	-	95,867
Interest income							1,150
Finance cost							(756)
Profit before taxation							<u>96,261</u>
<u>Assets</u>							
Non-current assets							
- Property, plant and equipment	31,918	22,645	4,598	2,094	84,211	-	145,466
- Deferred tax assets	-	-	-		2,296	-	2,296
- Goodwill	-	33,761	-	-	-	-	33,761
- Others	-	1,270	-	-	-	-	1,270
Current assets	97,125	17,066	19,421	802	179,958	18,560	<u>332,932</u>
Consolidated total assets							<u><u>515,725</u></u>
<u>Liabilities</u>							
Tax liabilities	4,451	1,022	39	-	8,930	-	14,442
Segment liabilities	16,771	25,838	6,024	9,500	68,060	(23,658)	<u>102,535</u>
Consolidated total liabilities							<u><u>116,977</u></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 2019 RM'000</b>	<b>Current Year-to-date 31 Dec 2019 RM'000</b>
Interest income	350	1,150
Gain on disposal of property, plant and equipment	9	14
Writeback of allowance for impairment losses on receivables	-	2
Foreign exchange loss	(1,260)	(480)
Interest expense	(140)	(756)
Depreciation of property, plant and equipment	(3,760)	(17,818)

**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**

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

**A13. Contingent liabilities**

As at 31 December 2019, the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position of the Group.

**A14. Cash and cash equivalents**

	<b>As at 31 Dec 2019 RM'000</b>
Cash at bank	197,083
Cash on hand	78
Fixed deposits	17,576
Short-term investments	10,684
	225,421
Less: Fixed deposits pledged with banks	(2,068)
Less: Fixed deposits with maturity period more than 3 months	(3,684)
	219,669

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**A15. Significant related party transactions**

	<b>Current Quarter 31 Dec 2019</b>	<b>Current Year-to-date 31 Dec 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Sales to AMT	11	20
Sales to TTM	45	53
Purchase from AMT	1	1
Purchase from TTM	21	106
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 2019</b>
	<b>RM'000</b>
Plant and equipment	2,211

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**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS****B1. Analysis of performance**Current quarter's performance against the quarter ended 31 December 2018

The Group's revenue for the current quarter ended 31 December 2019 increased by approximately RM0.2 million (0.3%) compared to the preceding year corresponding quarter.

Our subsidiaries in Taiwan and Malaysia recorded a higher revenue for the current quarter ended 31 December 2019 due to our customer's ramp up of production in Taiwan and improvement in oil and gas business in Malaysia.

However, our subsidiaries in Singapore and Philippines recorded a lower revenue compared to the preceding year corresponding quarter due to operational issues experienced by their customers resulting in some works being requested to be put on hold.

The Group's profit before tax ("PBT") of RM24.5 million for the current quarter was RM0.1 million or 0.3% higher than the preceding year corresponding quarter mainly due to improved performance by our subsidiaries in Taiwan and Malaysia.

Current 12 months period's performance against the 12 months period ended 31 December 2018

The Group's revenue of RM339.9 million for the period ended 31 December 2019 was RM12.7 million (3.9%) 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 due to the positive growth in their respective businesses.

Against the same period last year, the PBT for the Group improved by RM20.6 million (27.3%) as a result of increased revenue, better product mix and continual efforts to improve our efficiency across the Group.

**B2. Comparison with immediate preceding quarter**

	<b>4th Quarter 31 Dec 2019</b>	<b>3rd Quarter 30 Sept 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	88,888	87,049
Profit before tax	24,490	26,119
Profit after tax	19,585	20,477
Profit attributable to owners of the Company	18,199	19,049

The Group's revenue was 2.1% or approximately RM1.8 million higher during the current quarter as compared to the immediate preceding quarter due to improved business performance by our subsidiaries in Taiwan and Malaysia.

The Group's unaudited PBT for the current quarter was RM24.5 million or 6.2% lower than the immediate preceding quarter of RM26.1 million.

The lower profit was mainly due to foreign currency exchange loss of RM1.3 million in the current quarter as compared to foreign exchange gain of RM1.0 million in the immediate preceding quarter. If we were to exclude the foreign exchange impact, the current quarter's performance would have been 3% better than the preceding quarter i.e RM25.7 million against RM25.1 million.

**B3. Prospects**

In 2019, the Group achieved another remarkable performance with a historical high profit after tax of RM74.2 million compared to the preceding year in spite of marginal growth in revenue. This was mainly attributable to the business model adopted by the Group's subsidiaries in Taiwan and Singapore that are in the semiconductor business. The oil and gas subsidiaries in Malaysia also chipped in with better numbers due mainly to the improved sentiments in the sector.

The global demand for semiconductors, which remains strong in the long term, will continue to grow. According to IHS Markit, the deployment of 5G will be the main factor propelling a recovery for the semiconductor industry from the significant downturn in 2019, not only because of the renewed growth it will bring to the wireless industry, but also due to the wider benefits the wireless technology will bestow on global businesses and economies. IHS Markit further highlighted that the market in 2020 will be driven by two significant factors: one, the return to growth for global server expansion, and two, the introduction of 5G handsets. The Group believes that these developments in the electronic and technology space will be positive for our semiconductor business for years to come.

As for the oil and gas industry, the improved performance of our oil and gas business in 2019 augurs well for the Group's business in the next few years in view of being appointed as one of the panel contractors for the provision of manpower supply and also mechanical rotating equipment services and parts for Petronas Group of Companies.

Nevertheless, the Group anticipates that the overall business conditions in 2020 will continue to be challenging amid the growing concern over the economic damage caused by the spread of the COVID-19 virus. Although our customers have indicated that their businesses are currently not affected by the extended lunar new year break in China, most are unable to predict the impact should the situation prolongs.

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 business will be able to continue with its momentum during the year and therefore we are cautiously optimistic that our subsidiaries in Taiwan, Singapore, Malaysia and Philippine will continue to contribute positively to the Group's earnings in 2020.

**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 2019</b>	<b>Current Year-to-date 31 Dec 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax	5,128	21,885
Deferred tax	(223)	(366)
Withholding tax	-	514
	4,905	22,033

The Group's effective tax rate for the period under review was higher than the statutory tax rate principally due to the withholding tax charged on dividend income from Taiwan.

**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 2019 are as follows:

	<b>As at 31 Dec 2019</b>		<b>As at 31 Dec 2018</b>	
	<b>Foreign currencies</b>		<b>Foreign currencies</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Short term</u>				
Lease liabilities				
- New Taiwan Dollar	383	383	-	-
- Philippine Peso	953	953	-	-
- Singapore Dollar	403	409	-	-
- Ringgit Malaysia	-	1,288	-	862
Term loans				
- Singapore Dollar	844	844	1,685	1,685
- New Taiwan Dollar	-	-	2,230	2,230
		3,877		4,777
<u>Long term</u>				
Lease liabilities				
- Singapore Dollar	7,950	7,950	-	-
- Philippine Peso	1,913	1,913	-	-
- New Taiwan Dollar	322	322	-	-
- Ringgit Malaysia	-	1,746	-	1,341
Term loans				
- Singapore Dollar	-	-	842	842
- New Taiwan Dollar	-	-	6,691	6,691
		15,808		13,651

The lease liabilities of RM13.5 million is the effect of initial application of MFRS 16 in year 2019.

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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 December 2019			
<u>Currency</u>			
Singapore Dollar	1,253	7,950	9,203
New Taiwan Dollar	383	322	705
Philippine Peso	953	1,913	2,866
	<u>2,589</u>	<u>10,185</u>	<u>12,774</u>
As at 31 December 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>

**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 11 February 2020.

**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)	18,199	18,683	69,170	52,257
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)	1.74	1.78	6.60	4.99

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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 2019, the Company paid the following dividend:

Second single tier dividend on 28 March 2019, in respect of the financial year ended 31 December 2018, of 0.8 sen per ordinary share on 1,047,968,530 ordinary shares amounting to RM8,383,748.

First single tier dividend on 27 September 2019, in respect of the financial year ending 31 December 2019, of 1 sen per ordinary share on 1,047,968,530 ordinary shares amounting to RM10,479,685.

The Board of Directors is pleased to declare a second single tier dividend of 1.5 sen per share in respect of the financial year ended 31 December 2019 on 1,047,968,530 ordinary shares amounting to RM15,719,528.

By Order of the Board  
Frontken Corporation Berhad

Ng Wai Pin  
Chairman / Chief Executive Officer  
18 February 2020