

# FRONTKEN

## 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 2021 (The figures have not been audited)

	Individual Quarter				Cumulative Quarter			
	Current Year Quarter 30 Jun 2021 RM '000	Preceding Year Corresponding Quarter 30 Jun 2020 RM '000	Changes RM'000 (%)		Current Year To-date 30 Jun 2021 RM '000	Preceding Year Corresponding Period 30 Jun 2020 RM '000	Changes RM'000 (%)	
Revenue	108,626	87,620	21,006	24	212,143	172,491	39,652	23
Operating expenses	(70,393)	(56,940)	(13,453)	24	(136,529)	(115,048)	(21,481)	19
Profit before depreciation and finance costs	38,233	30,680	7,553	25	75,614	57,443	18,171	32
Depreciation	(4,443)	(4,593)			(8,858)	(9,317)		
Finance costs	(144)	(178)			(297)	(359)		
Other operating income	890	2,009			3,133	4,874		
Profit before tax	34,536	27,918	6,618	24	69,592	52,641	16,951	32
Taxation	(7,541)	(6,090)	(1,451)	24	(17,690)	(12,569)	(5,121)	41
Profit after tax	26,995	21,828	5,167	24	51,902	40,072	11,830	30
Profit after tax attributable to :								
Owners of the Company	24,738	20,329	4,409	22	47,652	37,336	10,316	28
Non-controlling interests	2,257	1,499			4,250	2,736		
Profit for the period	26,995	21,828			51,902	40,072		
Profit for the period	26,995	21,828			51,902	40,072		
Other comprehensive expenses:								
Foreign currency translation	6,029	7,580			13,325	16,655		
Total comprehensive income for the period	33,024	29,408			65,227	56,727		
Total comprehensive income attributable to:								
Owners of the Company	30,244	27,482			59,990	52,751		
Non-controlling interests	2,780	1,926			5,237	3,976		
Total comprehensive income for the period	33,024	29,408			65,227	56,727		
Earnings per share attributable to equity holders of the company :								
Basic (sen)	1.57	1.94			3.03	3.56		

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 2020.

# FRONTKEN

## FRONTKEN CORPORATION BERHAD

(Co. No. 651020-T)  
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### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

(The figures have not been audited)

	Unaudited 30 Jun 2021 RM'000	Audited 31 Dec 2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	121,026	121,687
Right-of-use assets	16,480	17,310
Goodwill on consolidation	33,761	33,761
Deferred tax assets	2,771	2,603
<b>Total non-current assets</b>	<u>174,038</u>	<u>175,361</u>
<b>Current assets</b>		
Inventories	22,846	19,976
Trade receivables	111,582	103,138
Other receivables, deposits and prepaid expenses	20,321	7,531
Current tax assets	-	75
Short-term investments	3,063	8,333
Fixed deposits with licensed banks	13,879	13,390
Cash and bank balances	312,617	290,468
<b>Total current assets</b>	<u>484,308</u>	<u>442,910</u>
<b>Total assets</b>	<u>658,346</u>	<u>618,271</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserve</b>		
Share capital	118,441	118,925
Treasury shares	(4,748)	(663)
Reserves	354,000	321,733
Equity attributable to owners of the Company	<u>467,693</u>	<u>439,995</u>
Non-controlling interests	32,276	27,039
<b>Total equity</b>	<u>499,969</u>	<u>467,034</u>
<b>Non-current liabilities</b>		
Lease liabilities	9,201	9,532
Other payables	2,919	2,846
Deferred tax liabilities	451	448
<b>Total non-current liabilities</b>	<u>12,571</u>	<u>12,826</u>
<b>Current liabilities</b>		
Trade payables	17,664	18,831
Other payables and accrued expenses	106,690	99,155
Lease liabilities	2,177	2,796
Current tax liabilities	19,275	17,629
<b>Total current liabilities</b>	<u>145,806</u>	<u>138,411</u>
<b>Total liabilities</b>	<u>158,377</u>	<u>151,237</u>
<b>Total equity and liabilities</b>	<u>658,346</u>	<u>618,271</u>
<b>Net assets per share attributable to owners of the parents (RM)</b>	0.30	0.42

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 2020.

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## FRONTKEN CORPORATION BERHAD

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### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2021

(The figures have not been audited)

	<--- Non-distributable --->			Distributable				Total RM'000
	Share capital 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	
Balance at 1 January 2021	118,925	(663)	39,131	17,704	264,898	439,995	27,039	467,034
Other comprehensive income recognised for the period:								
Foreign currency translation	-	-	12,338	-	-	12,338	987	13,325
Profit for the period	-	-	-	-	47,652	47,652	4,250	51,902
Total comprehensive income for the period	-	-	12,338	-	47,652	59,990	5,237	65,227
Dividend:								
- by the Company	-	-	-	-	(29,343)	(29,343)	-	(29,343)
Transaction cost	(484)	-	-	-	-	(484)	-	(484)
Purchase of treasury shares	-	(4,120)	-	-	-	(4,120)	-	(4,120)
Disposal of treasury shares	-	35	-	-	1,620	1,655	-	1,655
Striking off subsidiary	-	-	774	-	(774)	-	-	-
<b>Balance at 30 June 2021</b>	<b>118,441</b>	<b>(4,748)</b>	<b>52,243</b>	<b>17,704</b>	<b>284,053</b>	<b>467,693</b>	<b>32,276</b>	<b>499,969</b>

### CORRESPONDING PERIOD CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2020

	<--- Non-distributable --->			Distributable				Total RM'000
	Share capital 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	
Balance at 1 January 2020	118,925	(663)	29,782	13,009	215,919	376,972	21,776	398,748
Other comprehensive income recognised for the period:								
Foreign currency translation	-	-	15,415	-	-	15,415	1,240	16,655
Profit for the period	-	-	-	-	37,336	37,336	2,736	40,072
Total comprehensive income for the period	-	-	15,415	-	37,336	52,751	3,976	56,727
Dividend								
- by the Company	-	-	-	-	(15,720)	(15,720)	-	(15,720)
Changes in ownership interests in subsidiary that do not result in loss of control	-	-	-	-	105	105	(881)	(776)
<b>Balance at 30 June 2020</b>	<b>118,925</b>	<b>(663)</b>	<b>45,197</b>	<b>13,009</b>	<b>237,640</b>	<b>414,108</b>	<b>24,871</b>	<b>438,979</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 2021

(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Period To Date 30 Jun 2021 RM'000	Preceding Corresponding Period 30 Jun 2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	69,592	52,641
Adjustments for:		
Depreciation of property, plant and equipment	7,375	7,763
Depreciation of right-of-use assets	1,483	1,554
Interest expense	297	359
Unrealised loss/(gain) on foreign exchange	75	(355)
Interest income	(444)	(817)
Gain on disposal of property, plant and equipment	(22)	-
Plant and equipment written off	3	-
Allowance for impairment losses on receivables	283	64
Operating profit before working capital changes	78,642	61,209
Inventories	(2,216)	(2,481)
Trade receivables	(5,525)	(11,371)
Other receivables, deposits and prepaid expenses	(12,624)	7
Trade payables	(1,727)	1,120
Other payables and accrued expenses	4,263	(97)
Cash generated from operations	60,813	48,387
Taxes paid	(16,666)	(11,144)
Net cash from operating activities	44,147	37,243
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	444	817
Additional investment of a subsidiary	-	(776)
Purchase of property, plant and equipment	(2,856)	(3,119)
Proceeds from disposal of property, plant and equipment	22	-
Net placement of fixed deposits with licensed banks	(7)	(12,803)
Net cash for investing activities	(2,397)	(15,881)

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	CUMULATIVE QUARTER	
	Current Period To Date 30 Jun 2021 RM'000	Preceding Corresponding Period 30 Jun 2020 RM'000
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Interest paid	(297)	(359)
Dividend paid by the Company	(29,343)	(15,720)
Dividend paid by a subsidiary to non-controlling interests	(341)	-
Repayment of term loans	-	(853)
Transaction cost	(484)	-
Payment of lease liabilities	(1,611)	(1,661)
Treasury shares acquired	(4,120)	-
Net proceeds from disposal of treasury shares	1,655	-
Net cash for financing activities	<u>(34,541)</u>	<u>(18,593)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	7,209	2,769
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	299,801	219,669
<b>EFFECT OF EXCHANGE DIFFERENCES</b>	9,671	11,679
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<u>316,681</u>	<u>234,117</u>
<b>THE CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	312,617	226,545
Fixed deposits with licensed banks	13,879	20,094
Short-term investments	<u>3,063</u>	<u>6,033</u>
	329,559	252,672
Less: Fixed deposits pledged with banks	(477)	(1,481)
Less: Fixed deposits with maturity more than 3 months	<u>(12,401)</u>	<u>(17,074)</u>
Cash and cash equivalents	<u>316,681</u>	<u>234,117</u>

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

The comparative figures are based on unaudited financial statements of the Company for the financial period ended 30 June 2020.

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021

#### **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 2020.

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") and its subsidiaries since the financial year ended 31 December 2020.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2020 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2021. 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 2020 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 although there was some impact on the operations in Singapore due to the lockdown-like conditions put in place starting on 16 May 2021 where the amount of workforce was reduced. Nevertheless, we are substantially back to full strength except for a small number of Malaysian employees that are still unable to commute to our Singapore office.

##### **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**

Save as disclosed below, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter.

In the month of April 2021, the Company sold 305,900 of its treasury shares at an average price of RM5.43 per share in the open market

In the month of May 2021, the Company repurchased 1,460,200 of its issued ordinary shares from the open market at an average price of RM2.82 per share. The total consideration paid for the repurchase including transaction costs was RM4,120,170 which was financed by internally generated funds.

As at 30 June 2021, the Company held 9,201,250 repurchased shares as treasury shares out of its total issued and paid-up share capital of 1,580,152,675 ordinary shares. Such treasury shares are held at a carrying amount of RM4,747,849.

As at the quarter ended 30 June 2021, a total of 526,717,545 new ordinary shares were issued pursuant to the Company's bonus issue exercise.

### **A7. Dividends**

During the financial period ended 30 June 2021, the Company paid the following dividend:

Second single-tier dividend on 8 April 2021, in respect of the financial year ended 31 December 2020, of 2.8 sen per share on 1,047,968,530 ordinary shares amounting to RM29,343,118.

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### A8. Segmental information

The breakdown of the Group's revenue and results by geographical regions for the quarter ended 30 June 2021 are set out below. Revenue and results by geographical sales were based on the location of the Group's subsidiaries.

Current Quarter 30 June 2021	Singapore		Malaysia		Philippines		Indonesia		Taiwan		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>												
External sales	15,526	14,659	3,640	157	74,644	108,626						
Inter-segment sales	341	888	-	-	275	1,504						
Total revenue	15,867	15,547	3,640	157	74,919	110,130						
<u>Segment Results</u>												
Operating profit/(loss)	4,088	1,583	625	(97)	28,270	34,469						
Interest income						211						
Finance cost						(144)						
Profit before taxation						34,536						
<b>Current Year-to-date 30 June 2021</b>												
<u>Segment Revenue</u>												
External sales	30,029	29,562	7,362	358	144,832	212,143						
Inter-segment sales	406	2,840	-	-	328	3,574						
Total revenue	30,435	32,402	7,362	358	145,160	215,717						



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Current Year-to-date 30 June 2021	Singapore		Malaysia		Philippines		Indonesia		Taiwan		Elimination		Total	
	RM'000		RM'000		RM'000		RM'000		RM'000		RM'000		RM'000	
<u>Segment Results</u>														
Operating profit/(loss)	8,293		4,451		1,260		(310)		55,751		-		69,445	
Interest income													444	
Finance cost													(297)	
Profit before taxation													69,592	
<u>Assets</u>														
Non-current assets														
- Property, plant and equipment	19,571		12,345		978		912		87,220		-		121,026	
- Right-of-use assets	7,444		6,012		1,418		757		849		-		16,480	
- Deferred tax assets	-		-		4		-		2,767		-		2,771	
- Goodwill	-		33,761		-		-		-		-		33,761	
Current assets	74,929		16,263		21,734		553		343,861		26,968		484,308	
Consolidated total assets													658,346	
<u>Liabilities</u>														
Tax liabilities														
Segment liabilities	3,336		1,002		325		-		15,063		-		19,726	
Consolidated total liabilities	16,001		11,737		6,213		9,492		110,161		(14,953)		138,651	
													158,377	

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 treatment technology using thermal spray coating processes and a series of complementary processes, including mechanical and chemical engineering services.

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### A9. Profit before tax

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

	<b>Current Quarter 30 Jun 2021 RM'000</b>	<b>Current Year-to-date 30 Jun 2021 RM'000</b>
Interest income	211	444
Foreign exchange (loss)/gain	(666)	7
Gain on disposal of property, plant and equipment	1	22
Allowance for impairment losses on receivables	(257)	(283)
Depreciation of property, plant and equipment	(3,694)	(7,375)
Depreciation of right-of-use assets	(749)	(1,483)
Interest expense	(144)	(297)
Property, plant and equipment written off	(3)	(3)

### 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 30 June 2021 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 30 Jun 2021 RM'000</b>
Cash at bank	312,528
Cash on hand	89
Fixed deposits	13,879
Short-term investments	3,063
	<u>329,559</u>
Less: Fixed deposits pledged with banks	(477)
Less: Fixed deposits with maturity period more than 3 months	(12,401)
	<u>316,681</u>

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### A15. Significant related party transactions

	Current Quarter 30 Jun 2021	Current Year-to-date 30 Jun 2021
	RM'000	RM'000
Sales to AMT	10	17
Sales to A&I	4	14
Sales to TTM	7	7
Purchase from TTM	86	252
Rental payable to AMT	36	72

Name of Related Parties	Relationship
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:

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

### A16. Capital commitments

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

	As at 30 Jun 2021
	RM'000
Plant and equipment	575

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

#### B1. Analysis of performance

##### Current quarter's performance against the quarter ended 30 June 2020

The Group's revenue for the current quarter ended 30 June 2021 increased by approximately RM21.0 million (24.0%) compared to the preceding year corresponding quarter mainly due to contributions by our subsidiaries in Taiwan, Malaysia and Singapore. Volume in the semiconductor space picked up significantly due to higher demand and strong orders from one of our customers' advanced nodes chips which benefited our Taiwan subsidiary. The Group's subsidiary in the Philippines also achieved an improved business performance due to new works secured.

The Group's profit after tax ("PAT") of RM27.0 million for the current quarter was RM5.2 million or 23.7% higher than the corresponding quarter's RM21.8 million. The higher profit was mainly due to improved revenue. The Group recorded a foreign currency exchange loss of RM0.7 million in the current quarter as compared to a foreign currency exchange gain of RM0.1 million in the preceding year corresponding quarter. If we were to exclude the job support subsidy received last year and foreign currency exchange impact from the equation, the current quarter's performance would have been 40.3% better than the preceding year corresponding quarter.

##### Current 6 months period's performance against the 6 months period ended 30 June 2020

The Group's revenue of RM212.1 million for the current period ended 30 June 2021 was RM39.7 million (23.0%) higher than that achieved in the preceding year corresponding period. All the Group's subsidiaries, except Indonesia, delivered a better set of results.

Against the same period last year, the PAT for the Group increased by RM11.8 million (29.5%) as a result of higher revenue and strict cost management. If we were to remove the job support subsidy and foreign currency exchange impact, the current period performance would have been 39.0% better than the preceding year corresponding period.

#### B2. Comparison with immediate preceding quarter

	<b>2nd Quarter 30 Jun 2021</b>	<b>1st Quarter 31 Mar 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	108,626	103,517
Profit before tax	34,536	35,056
Profit after tax	26,995	24,907
Profit attributable to owners of the Company	24,738	22,914

The Group's revenue was 4.9% or approximately RM5.1 million higher during the current quarter as compared to the immediate preceding quarter mainly contributed by our subsidiaries in Taiwan and Singapore.

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The Group's PAT for the current quarter increased by RM2.1 million (8.4%) sequentially. The Group recorded a foreign currency exchange loss of RM0.7 million in the current quarter as compared to a foreign currency exchange gain of RM0.7 million in the immediate preceding quarter. If we were to remove the foreign currency exchange impact and the provision for surtax on undistributed earnings by our Taiwan subsidiary, the PAT for the current quarter would have been RM27.7 million compared to RM26.9 million achieved in the immediate preceding quarter.

### B3. Prospects

The Group achieved a remarkable second quarter and first half results with an increase of 23.7% and 29.5% respectively in its PAT compared to the preceding year corresponding period, mainly due to the robust growth in our semi-conductor business.

According to Semiconductor Industry Association), global sales of semiconductors jumped 21.7% year-on-year in April 2021 to USD41.8 billion from USD34.4 billion a year earlier as global demand for semiconductors remained high, reflected by rising sales across a range of chip products and throughout each of the world's major regional markets. Meanwhile, World Semiconductor Trade Statistics Spring 2021 global semiconductor sales forecast projected that the industry's worldwide sales will be USD527.2 billion in 2021, a 19.7% increase from the 2020 sales total of USD440.4 billion. The global semiconductor industry is set to continue its strong growth well into the next decade due to the emerging technologies such as autonomous driving, artificial intelligence (AI), 5G and Internet of Things, coupled with consistent spending on R&D and competition among key players. We believe these developments will be positive for our business in years to come.

To that end, the Group is set to expand its capacity in Taiwan by building a new state of the art facility in anticipation of increase in the demand for our services relating to tools involved in the manufacturing of the most advanced chips, which we are given to understand will be available in 2022. Following this, our subsidiary in Taiwan has completed the acquisition of a building situated in the Southern Taiwan Science Park at Kaohsiung City on 9 July 2021. The newly acquired facility is expected to be operational next year in line with the proposed commercial production of the 3nm chips by our key customer in Taiwan.

As for the oil and gas industry, we will continue to chase for new works in view of the strong Brent crude oil price recovery. Hence, we are cautiously optimistic that our oil and gas division will perform better than last year. We believe our soon to be completed new facility in Pengerang, to support the contracts we have with our customers, will also help to contribute to the growth of our oil and gas division.

While we are cautiously optimistic that our performance for the remaining months will be satisfactory, we will continue to strive for operational and cost efficiencies to better manage the ever challenging operating environment.

### 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 Jun 2021</b>	<b>Current Year-to-date 30 Jun 2021</b>
<b>RM'000</b>	<b>RM'000</b>

# FRONTKEN

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Income tax	7,575	17,763
Deferred tax	(34)	(73)
	<u>7,541</u>	<u>17,690</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

Save as disclosed below, there were no corporate proposals that were announced but not completed.

On 23 February 2021, the Company proposed to undertake the following:

- (i) an issuance of 526,717,565 new ordinary shares in the Company on the basis of 1 Bonus Share for every 2 existing ordinary shares held in the Company ("Frontken Shares") on an entitlement date to be determined and announced later ("Entitlement Date") ("Proposed Bonus Issue of Shares"); and
- (ii) an issuance of 526,717,565 free warrants in the Company ("Warrants") on the basis of 1 Warrant for every 2 Shares held on the same Entitlement Date as the Proposed Bonus Issue of Shares ("Proposed Bonus Issue of Warrants").

The Proposed Bonus Issue of Shares and the Proposed Bonus Issue of Warrants had been completed following the listing of and quotation for 526,717,545 Shares and 524,137,195 Warrants on the Main Market of Bursa Malaysia Securities Berhad on 30 April 2021 and 7 May 2021 respectively.

### B7. Group borrowings

The Group's borrowings as at 30 June 2021 are as follows:

	As at 30 Jun 2021		As at 30 Jun 2020	
	Foreign currencies RM'000	RM'000	Foreign currencies RM'000	RM'000
<u>Short term</u>				
Lease liabilities				
- New Taiwan Dollar	286	286	279	279
- Philippine Peso	1,109	1,109	1,048	1,048
- Singapore Dollar	434	434	422	422
- Ringgit Malaysia	-	348	-	1,106
		<u>2,177</u>		<u>2,855</u>
<u>Long term</u>				
Lease liabilities				
- Singapore Dollar	7,437	7,437	7,824	7,824
- Philippine Peso	382	382	1,503	1,503
- New Taiwan Dollar	568	568	713	713
- Ringgit Malaysia	-	814	-	1,204
		<u>11,378</u>		<u>14,099</u>

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

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	<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 June 2021			
<u>Currency</u>			
Singapore Dollar	434	7,437	7,871
Philippine Peso	1,109	382	1,491
New Taiwan Dollar	286	568	854
	<u>1,829</u>	<u>8,387</u>	<u>10,216</u>
As at 30 June 2020			
<u>Currency</u>			
Singapore Dollar	422	7,824	8,246
New Taiwan Dollar	1,048	1,503	2,551
Philippine Peso	279	713	992
	<u>1,749</u>	<u>10,040</u>	<u>11,789</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 22 July 2021.

### 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 Corres- ponding Quarter</b>	<b>Current Year-to- date</b>	<b>Preceding Corres- ponding Year-to- date</b>
Profit attributable to owners of the Company (RM'000)	24,738	20,329	47,652	37,336
Number of shares in issue ('000)	1,580,153	1,053,435	1,580,153	1,053,435
Effects of: Treasury shares acquired ('000)	(8,575)	(5,467)	(8,313)	(5,467)
Weighted average number of shares in issue ('000)	1,571,578	1,047,968	1,571,840	1,047,968
Basic EPS (sen)	1.57	1.94	3.03	3.56

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### **b) Diluted EPS**

The potential conversion of warrants is anti-dilutive as its exercise price is higher than the average market price of the Company's ordinary shares during the current financial period. Accordingly, diluted earnings per share for the current period has not been presented.

### **B10. Dividends**

During the financial period ended 30 June 2021, the Company paid the following dividend:

Second single-tier dividend on 8 April 2021, in respect of the financial year ended 31 December 2020, of 2.8 sen per share on 1,047,968,530 ordinary shares amounting to RM29,343,118.

The Board is pleased to announce a first single tier dividend of 1.5 sen per share in respect of the financial year ending 31 December 2021. The entitlement and payment dates will be announced at a later date.

By Order of the Board  
Frontken Corporation Berhad

Ng Wai Pin  
Chairman  
29 July 2021