

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 2021
(The figures have not been audited)

	Individual Quarter				Cumulative Quarter			
	Current Year Quarter 31 Dec 2021 RM '000	Preceding Year Corresponding Quarter 31 Dec 2020 RM '000	Changes RM'000 (%)		Current Year To-date 31 Dec 2021 RM '000	Preceding Year Corresponding Period 31 Dec 2020 RM '000	Changes RM'000 (%)	
Revenue	121,487	101,036	20,451	20	450,222	368,319	81,903	22
Operating expenses	(76,480)	(68,522)	(7,958)	12	(288,288)	(246,002)	(42,286)	17
Profit before depreciation and finance costs	45,007	32,514	12,493	38	161,934	122,317	39,617	32
Depreciation	(4,282)	(4,533)			(17,675)	(18,423)		
Finance costs	(184)	(149)			(615)	(667)		
Other operating income	1,242	3,448			5,847	11,025		
Profit before tax	41,783	31,280	10,503	34	149,491	114,252	35,239	31
Taxation	(9,438)	(6,030)	(3,408)	57	(35,269)	(25,935)	(9,334)	36
Profit after tax	32,345	25,250	7,095	28	114,222	88,317	25,905	29
Profit after tax attributable to :								
Owners of the Company	29,548	23,290	6,258	27	104,504	81,967	22,537	27
Non-controlling interests	2,797	1,960			9,718	6,350		
Profit for the period	32,345	25,250			114,222	88,317		
Profit for the period	32,345	25,250			114,222	88,317		
Other comprehensive expenses:								
Actuarial loss	(35)	(74)			(35)	(74)		
Foreign currency translation	331	(1,509)			15,862	10,211		
Total comprehensive income for the period	32,641	23,667			130,049	98,454		
Total comprehensive income attributable to:								
Owners of the Company	29,834	21,800			119,059	91,213		
Non-controlling interests	2,807	1,867			10,990	7,241		
Total comprehensive income for the period	32,641	23,667			130,049	98,454		
Earnings per share attributable to equity holders of the company :								
Basic (sen)	1.88	1.48			6.65	5.21		

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 2020.

FRONTKEN CORPORATION BERHAD

(Co. No. 651020-T)
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021**

(The figures have not been audited)

	Unaudited 31 Dec 2021 RM'000	Audited 31 Dec 2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	197,795	121,687
Right-of-use assets	24,471	17,310
Goodwill on consolidation	33,761	33,761
Deferred tax assets	2,157	2,603
Total non-current assets	<u>258,184</u>	<u>175,361</u>
Current assets		
Inventories	19,608	19,976
Trade receivables	115,600	103,137
Other receivables, deposits and prepaid expenses	9,748	7,531
Current tax assets	-	75
Short-term investments	51,738	8,333
Fixed deposits with licensed banks	14,008	13,390
Cash and bank balances	249,621	290,468
Total current assets	<u>460,323</u>	<u>442,910</u>
Total assets	<u>718,507</u>	<u>618,271</u>
EQUITY AND LIABILITIES		
Capital and reserve		
Share capital	118,441	118,925
Treasury shares	(4,748)	(663)
Reserves	387,163	321,733
Equity attributable to owners of the Company	<u>500,856</u>	<u>439,995</u>
Non-controlling interests	34,225	27,039
Total equity	<u>535,081</u>	<u>467,034</u>
Non-current liabilities		
Lease liabilities	18,749	9,532
Other payables	2,931	2,846
Deferred tax liabilities	486	448
Total non-current liabilities	<u>22,166</u>	<u>12,826</u>
Current liabilities		
Trade payables	21,463	18,831
Other payables and accrued expenses	115,273	99,155
Lease liabilities	2,560	2,796
Current tax liabilities	21,964	17,629
Total current liabilities	<u>161,260</u>	<u>138,411</u>
Total liabilities	<u>183,426</u>	<u>151,237</u>
Total equity and liabilities	<u>718,507</u>	<u>618,271</u>
Net assets per share attributable to owners of the parents (RM)	0.32	0.28

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.

FRONTKEN CORPORATION BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

(The figures have not been audited)

	{--- Non-distributable ---} Distributable							Total RM'000
	Foreign currency							
	Share capital RM'000	Treasury shares RM'000	translation reserve RM'000	Statutory reserve RM'000	Retained earnings RM'000	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:								
Defined benefit plan actuarial loss	-	-	-	-	(35)	(35)	-	(35)
Foreign currency translation	-	-	14,590	-	-	14,590	1,272	15,862
Profit for the period	-	-	-	-	104,504	104,504	9,718	114,222
Total comprehensive income for the period	-	-	14,590	-	104,469	119,059	10,990	130,049
Dividend:								
- by the Company	-	-	-	-	(52,907)	(52,907)	-	(52,907)
- by subsidiaries to non-controlling interests	-	-	-	-	-	-	(1,906)	(1,906)
Transfer to statutory reserve	-	-	-	6,813	(6,813)	-	-	-
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 of subsidiary	-	-	556	-	(556)	-	-	-
Changes in ownership interests in a subsidiary that do not result in loss of control	-	-	-	-	(2,342)	(2,342)	(1,898)	(4,240)
Balance at 31 December 2021	118,441	(4,748)	54,277	24,517	308,369	500,856	34,225	535,081

CORRESPONDING PERIOD CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

	{--- Non-distributable ---} Distributable							Total RM'000
	Foreign currency							
	Share capital RM'000	Treasury shares RM'000	translation reserve RM'000	Statutory reserve RM'000	Retained earnings RM'000	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:								
Defined benefit plan actuarial loss	-	-	-	-	(68)	(68)	(6)	(74)
Foreign currency translation	-	-	9,314	-	-	9,314	897	10,211
Profit for the period	-	-	-	-	81,967	81,967	6,350	88,317
Total comprehensive income for the period	-	-	9,314	-	81,899	91,213	7,241	98,454
Dividend:								
- by the Company	-	-	-	-	(28,295)	(28,295)	-	(28,295)
- by a subsidiary to non-controlling interests	-	-	-	-	-	-	(1,097)	(1,097)
Transfer to statutory reserve	-	-	-	4,695	(4,695)	-	-	-
Striking off of subsidiary	-	-	35	-	(35)	-	-	-
Changes in ownership interests in a subsidiary that do not result in loss of control	-	-	-	-	105	105	(881)	(776)
Balance at 31 December 2020	118,925	(663)	39,131	17,704	264,898	439,995	27,039	467,034

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 2021**

(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Period To Date 31 Dec 2021 RM'000	Preceding Corresponding Period 31 Dec 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	149,491	114,252
Adjustments for:		
Depreciation of property, plant and equipment	14,574	15,274
Depreciation of right-of-use assets	3,101	3,149
Interest expense	615	667
Unrealised loss on foreign exchange	92	613
Interest income	(841)	(1,250)
Gains on lease modification	-	(1)
Gain on disposal of property, plant and equipment	(26)	(1,555)
Writeback of allowance for impairment losses on trade receivables	(205)	-
Plant and equipment written off	3	181
Allowance for impairment losses on receivables	64	202
	166,868	131,532
Operating profit before working capital changes		
Inventories	1,087	(4,403)
Trade receivables	(8,967)	(14,865)
Other receivables, deposits and prepaid expenses	(2,161)	(87)
Trade payables	1,959	1,399
Other payables and accrued expenses	11,052	29,036
	169,838	142,612
Cash generated from operations		
Taxes paid	(31,062)	(22,879)
	138,776	119,733
Net cash from operating activities		
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	841	1,250
Additional investment in an existing subsidiary	(4,240)	(776)
Purchase of property, plant and equipment	(82,831)	(7,741)
Addition of right-of-use assets	-	(1)
Proceeds from disposal of property, plant and equipment	26	2,005
Net placement of fixed deposits with licensed banks	(9)	(6,637)
	(86,213)	(11,900)
Net cash for investing activities		

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	CUMULATIVE QUARTER	
	Current Period To Date	Preceding Corresponding Period
	31 Dec 2021 RM'000	31 Dec 2020 RM'000
CASH FLOWS FOR FINANCING ACTIVITIES		
Interest paid	(615)	(667)
Dividend paid by the Company	(52,907)	(28,295)
Dividend paid by a subsidiary to non-controlling interests	(1,422)	(756)
Drawdown of term loans	-	1,430
Repayment of term loans	-	(2,273)
Transaction cost	(484)	-
Payment of lease liabilities	(3,191)	(3,388)
Treasury shares acquired	(4,120)	-
Net proceeds from disposal of treasury shares	1,655	-
Net cash for financing activities	<u>(61,084)</u>	<u>(33,949)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(8,521)	73,884
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	299,801	219,669
EFFECT OF EXCHANGE DIFFERENCES	11,079	6,248
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<u>302,359</u>	<u>299,801</u>
THE CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	249,621	290,468
Fixed deposits with licensed banks	14,008	13,390
Short-term investments	<u>51,738</u>	<u>8,333</u>
	315,367	312,191
Less: Fixed deposits pledged with banks	(478)	(469)
Less: Fixed deposits with maturity more than 3 months	<u>(12,530)</u>	<u>(11,921)</u>
Cash and cash equivalents	<u>302,359</u>	<u>299,801</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 audited financial statements of the Company for the financial year ended 31 December 2020.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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

The Company has not issued any revenue or profit estimate, forecast or target.

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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 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.

A7. Dividends

During the financial period ended 31 December 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.

First single-tier dividend on 17 September 2021, in respect of the financial year ending 31 December 2021, of 1.5 sen per share on 1,570,951,425 ordinary shares amounting to RM23,564,271.

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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 2021 are set out below. Revenue and results by geographical sales were based on the location of the Group's subsidiaries.

Current Quarter 31 December 2021

	Singapore	Malaysia	Philippines	Indonesia	Taiwan	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>						
External sales	15,385	17,719	4,146	136	84,101	121,487
Inter-segment sales	22	1,147	-	-	77	1,246
Total revenue	<u>15,407</u>	<u>18,866</u>	<u>4,146</u>	<u>136</u>	<u>84,178</u>	<u>122,733</u>
<u>Segment Results</u>						
Operating profit/(loss)	5,585	2,984	546	(122)	32,760	41,753
Interest income						214
Finance cost						(184)
Profit before taxation						<u>41,783</u>

Current Year-to-date 31 December 2021

<u>Segment Revenue</u>						
External sales	60,001	63,856	15,356	590	310,419	450,222
Inter-segment sales	650	5,158	-	-	592	6,400
Total revenue	<u>60,651</u>	<u>69,014</u>	<u>15,356</u>	<u>590</u>	<u>311,011</u>	<u>456,622</u>

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**Current Year-to-date
31 December 2021**

	<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)	18,275	9,841	2,506	(404)	119,047	-	149,265
Interest income							841
Finance cost							(615)
Profit before taxation							<u>149,491</u>
<u>Assets</u>							
Non-current assets							
- Property, plant and equipment	18,575	16,070	770	833	161,547	-	197,795
- Right-of-use assets	7,160	4,068	851	775	11,617	-	24,471
- Deferred tax assets	-	-	6	-	2,151	-	2,157
- Goodwill	-	33,761	-	-	-	-	33,761
Current assets	23,085	69,743	21,865	468	321,144	24,018	460,323
Consolidated total assets							<u><u>718,507</u></u>
<u>Liabilities</u>							
Tax liabilities	3,531	1,056	7	-	17,856	-	22,450
Segment liabilities	16,106	20,810	5,481	9,571	126,884	(17,876)	160,976
Consolidated total liabilities							<u><u>183,426</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 treatment technology using thermal spray coating processes and a series of complementary processes, including mechanical and chemical engineering services.

FRONTKEN CORPORATION BERHAD

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(Incorporated in Malaysia)**A9. Profit before tax**

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

	Current Quarter 31 Dec 2021	Current Year-to-date 31 Dec 2021
	RM'000	RM'000
Interest income	214	841
Foreign exchange (loss)/gain	(91)	298
Gain on disposal of property, plant and equipment	4	26
Writeback of allowance for impairment losses on trade receivables	-	205
Allowance for impairment losses on receivables	2	(64)
Depreciation of property, plant and equipment	(3,557)	(14,574)
Depreciation of right-of-use assets	(725)	(3,101)
Interest expense	(184)	(615)
Property, plant and equipment written off	-	(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

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

In the month of January 2022, the Company acquired 240,857 ordinary shares of NT\$10 each representing 0.71% of the issued and paid-up share capital of Ares Green Technology Corporation ("AGTC") for a total cash consideration of NT\$31,311,410 (equivalent to RM4,739,381). Following the acquisition, the Group's interest in AGTC increased to 92.5%.

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 December 2021, the Company acquired 184,370 ordinary shares of NT\$10 each representing 0.54% of the issued and paid-up share capital of AGTC for a total cash consideration of NT\$28,024,240 (equivalent to RM4,240,434). Following the acquisition, the Group's interest in AGTC increased to 91.79%.

On 31 December 2021, a resolution was passed to strike off Frontken Projects Pte. Ltd., a dormant indirect wholly-owned subsidiary of the Company from the Registrar.

A13. Contingent liabilities

As at 31 December 2021 the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position of the Group.

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A14. Cash and cash equivalents

	As at 31 Dec 2021
	RM'000
Cash at bank	249,539
Cash on hand	82
Fixed deposits	14,008
Short-term investments	51,738
	315,367
Less: Fixed deposits pledged with banks	(478)
Less: Fixed deposits with maturity period more than 3 months	(12,530)
	302,359

A15. Significant related party transactions

	Current Quarter 31 Dec 2021	Current Year-to-date 31 Dec 2021
	RM'000	RM'000
Sales to AMT	9	31
Sales to A&I	20	41
Sales to TTM	20	27
Purchase from AMT	-	3
Purchase from TTM	55	316
Rental payable to AMT	36	144

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&I</i> <i>A&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 31 Dec 2021
	RM'000
Plant and equipment	28,130

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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 2020

The Group's revenue for the current quarter ended 31 December 2021 increased by approximately RM20.5 million (20.2%) compared to the preceding year corresponding quarter mainly due to better contributions from nearly all our subsidiaries. Our Taiwan semi-conductor business continues to show significant growth in the current quarter due to its customers' increased production to meet the high demand for their advanced nodes chips. The Group's oil and gas subsidiaries benefitted from the improved capital expenditure allocation by their customers partly attributable to the strong Brent crude oil price.

Despite having to pay a withholding tax of RM1.4 million imposed on the dividend declared by AGTC, the Group's profit after tax ("PAT") and profit attributable to owners ("PATAMI") for current quarter increased by RM7.1 million (28.1%) and RM6.3 million (26.9%) respectively compared to the preceding year corresponding quarter. If we were to remove the job support subsidy received last year, the withholding tax and foreign currency impact, for a like-for-like comparison, the current quarter PATAMI will be RM31.0 million compared to RM23.1 million achieved in the preceding year corresponding quarter; an increase of 34.1%. The higher profit was mainly due to improved revenue, strict cost management and continual enhancement of our processes leading to better production efficiency.

Current 12 months performance against the 12 months period ended 31 December 2020

The Group's revenue of RM450.2 million for the current period ended 31 December 2021 was RM81.9 million (22.2%) higher than that achieved in the preceding year corresponding period mainly due to better contributions by our subsidiaries in Taiwan, Malaysia and Singapore.

Against the same period last year, the PAT for the Group increased by RM25.9 million (29.3%) as a result of higher revenue and strict cost management. If we were to remove the job support subsidy received last year and foreign currency impact, the current period performance would have been 32.4% better than the preceding year corresponding period.

B2. Comparison with immediate preceding quarter

	4th Quarter 31 Dec 2021	3rd Quarter 30 Sept 2021
	RM'000	RM'000
Revenue	121,487	116,592
Profit before tax	41,783	38,116
Profit after tax	32,345	29,975
Profit attributable to owners of the Company	29,548	27,304

The Group's revenue was 4.2% or approximately RM4.9 million higher during the current quarter as compared to the immediate preceding quarter due to better performance by all of our subsidiaries.

The Group's PAT and PATAMI for the current quarter increased by RM2.4 million (7.9%) and RM2.2 million (8.2%) respectively compared to the immediate preceding quarter. If we were to remove the withholding tax and foreign currency impact, for a like-for-like comparison, the current quarter PATAMI will be RM31.0 million compared to RM26.9 million achieved in the immediate preceding quarter; an increase of 15.3%.

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B3. Prospects

The Group achieved a remarkable record fourth quarter results with a 28.1% and 7.9% increase respectively in its PAT compared to the preceding year corresponding quarter and immediate preceding quarter mainly attributable to the robust growth in our semi-conductor business due to our customers' ramped up production and improvement in our oil and gas business.

Global semiconductor industry sales rose 26.2% year-on-year in 2021 to a record USD555.9 billion from USD440.4 billion a year earlier and fourth-quarter sales of USD152.6 billion were 28.3% more than the total in the fourth quarter of 2020 and 4.9% higher than the total in the third quarter of 2021, according to Semiconductor Industry Association (SIA). Demand for semiconductor production is projected to rise significantly in the years ahead as chips become even more heavily embedded in the essential technologies of now and the future. We believe that the projected substantial increase in production by the semiconductor companies and persistent high demand of chips will be positive for our business in years to come. In the meantime, the progress of commissioning of our new facility in Kaohsiung, Taiwan to meet our key customer's projected increase in demand for our services is on schedule.

As for the oil and gas industry, we noticed new orders from the various contracts for provision of manpower supply and also mechanical rotating equipment services and parts that we have with the Petronas Group of Companies have picked up and that we hope this momentum will escalate further throughout 2022. The completion of our new facility in Pengerang was timely to meet the projected additional services that our customers would require from us.

Amidst the promising business developments, we are cautiously optimistic that our performance in 2022 will be good and we are very excited with what lies ahead for us.

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

	Current Quarter 31 Dec 2021	Current Year-to-date 31 Dec 2021
	RM'000	RM'000
Income tax	7,444	33,366
Deferred tax	687	596
Withholding tax	1,408	1,408
RPGT	(101)	(101)
	<u>9,438</u>	<u>35,269</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.

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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 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 (“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 was 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 31 December 2021 are as follows:

	As at 31 Dec 2021		As at 31 Dec 2020	
	Foreign currencies		Foreign currencies	
	RM’000	RM’000	RM’000	RM’000
<u>Short term</u>				
Lease liabilities				
- New Taiwan Dollar	878	878	432	432
- Philippine Peso	909	909	1,052	1,052
- Singapore Dollar	445	445	418	418
- Ringgit Malaysia	-	328	-	894
		2,560		2,796
<u>Long term</u>				
Lease liabilities				
- Singapore Dollar	7,210	7,210	7,521	7,521
- New Taiwan Dollar	10,779	10,779	229	229
- Philippine Peso	-	-	928	928
- Ringgit Malaysia	-	760	-	854
		21,309		12,328

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

	Short-term	Long-term	Total
	RM'000	RM'000	RM'000
As at 31 December 2021			
<u>Currency</u>			
New Taiwan Dollar	878	10,779	11,657
Singapore Dollar	445	7,210	7,655
Philippine Peso	909	-	909
	<u>2,232</u>	<u>17,989</u>	<u>20,221</u>
As at 31 December 2020			
<u>Currency</u>			
Singapore Dollar	418	7,521	7,939
Philippine Peso	1,052	928	1,980
New Taiwan Dollar	432	229	661
	<u>1,902</u>	<u>8,678</u>	<u>10,580</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 18 February 2021.

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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.

	Current Quarter	Preceding Corres- ponding Quarter	Current Year-to- date	Preceding Corres- ponding Year-to- date
Profit attributable to owners of the Company (RM'000)	29,548	23,290	104,504	81,967
Weighted average number of shares in issue ('000)	1,046,814	1,047,969	1,047,255	1,047,969
Bonus issue excluding treasury shares ('000)	524,137	524,137	524,137	524,137
Adjusted weighted average number of shares in issue ('000)	1,570,951	1,572,106	1,571,392	1,572,106
Basic EPS (sen)	1.88	1.48*	6.65	5.21*

* Comparative figures for the weighted average number of ordinary shares used in the calculation of basic earnings per share have been restated to reflect the bonus issue as disclosed in Note B6.

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

The Board is pleased to announce a second single tier dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 December 2021. The entitlement and payment dates will be announced at a later date.



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By Order of the Board
Frontken Corporation Berhad

Ng Wai Pin
Chairman
25 February 2021