

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 2022
(The figures have not been audited)

	Individual Quarter				Cumulative Quarter			
	Current Year Quarter 31 Dec 2022 RM '000	Preceding Year Corresponding Quarter 31 Dec 2021 RM '000	Changes RM'000 (%)		Current Year To-date 31 Dec 2022 RM '000	Preceding Year Corresponding Period 31 Dec 2021 RM '000	Changes RM'000 (%)	
Revenue	135,273	121,487	13,786	11	517,183	450,222	66,961	15
Operating expenses	(89,930)	(76,105)	(13,825)	18	(332,117)	(287,913)	(44,204)	15
Profit before depreciation and finance costs	45,343	45,382	(39)	(0)	185,066	162,309	22,757	14
Depreciation	(4,668)	(4,282)			(17,591)	(17,675)		
Finance costs	(229)	(184)			(831)	(615)		
Other operating income	67	1,242			8,147	5,847		
Profit before tax	40,513	42,158	(1,645)	(4)	174,791	149,866	24,925	17
Taxation	(7,222)	(9,813)	2,591	(26)	(39,623)	(35,644)	(3,979)	11
Profit after tax	33,291	32,345	946	3	135,168	114,222	20,946	18
Profit after tax attributable to :								
Owners of the Company	29,843	29,548	295	1	123,292	104,504	18,788	18
Non-controlling interests	3,448	2,797			11,876	9,718		
Profit for the period	33,291	32,345			135,168	114,222		
Profit for the period	33,291	32,345			135,168	114,222		
Other comprehensive expenses:								
Actuarial gain/(loss)	1,558	(35)			1,558	(35)		
Foreign currency translation	(5,306)	331			(16,009)	15,862		
Total comprehensive income for the period	29,543	32,641			120,717	130,049		
Total comprehensive income attributable to:								
Owners of the Company	26,442	29,834			110,082	119,059		
Non-controlling interests	3,101	2,807			10,635	10,990		
Total comprehensive income for the period	29,543	32,641			120,717	130,049		
Earnings per share attributable to equity holders of the company :								
Basic (sen)	1.90	1.88			7.85	6.65		

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 2021.

FRONTKEN CORPORATION BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

(The figures have not been audited)

	Unaudited 31 Dec 2022 RM'000	Audited 31 Dec 2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	229,265	197,795
Right-of-use assets	35,561	24,471
Other receivables and prepaid expenses	160	-
Goodwill on consolidation	33,761	33,761
Deferred tax assets	1,447	1,909
Total non-current assets	<u>300,194</u>	<u>257,936</u>
Current assets		
Inventories	21,282	19,608
Trade receivables	124,086	115,600
Other receivables, deposits and prepaid expenses	17,752	10,124
Short-term investments	11,986	51,738
Fixed deposits with licensed banks	13,161	14,008
Cash and bank balances	317,359	249,621
Total current assets	<u>505,626</u>	<u>460,699</u>
Total assets	<u><u>805,820</u></u>	<u><u>718,635</u></u>
EQUITY AND LIABILITIES		
Capital and reserve		
Share capital	118,441	118,441
Treasury shares	(4,748)	(4,748)
Reserves	430,591	387,162
Equity attributable to owners of the Company	<u>544,284</u>	<u>500,855</u>
Non-controlling interests	39,455	34,225
Total equity	<u>583,739</u>	<u>535,080</u>
Non-current liabilities		
Lease liabilities	30,030	18,749
Other payables	826	2,931
Deferred tax liabilities	1,142	615
Total non-current liabilities	<u>31,998</u>	<u>22,295</u>
Current liabilities		
Trade payables	27,940	21,463
Other payables and accrued expenses	115,572	115,273
Term loans	19,720	-
Lease liabilities	2,886	2,560
Current tax liabilities	23,965	21,964
Total current liabilities	<u>190,083</u>	<u>161,260</u>
Total liabilities	<u><u>222,081</u></u>	<u><u>183,555</u></u>
Total equity and liabilities	<u><u>805,820</u></u>	<u><u>718,635</u></u>
Net assets per share attributable to owners of the parents (RM)	0.35	0.32

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 2021.

FRONTKEN CORPORATION BERHAD

(Co. No. 651020-T)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

(The figures have not been audited)

	Non-distributable				Distributable			
	Foreign currency				Attributable to			
	Share capital	Treasury shares	translation reserve	Statutory reserve	Retained earnings	owners of the Company	Non-controlling interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2022	118,441	(4,748)	54,277	24,517	308,368	500,855	34,225	535,080
Other comprehensive income recognised for the period:								
Defined benefit plan actuarial gain	-	-	-	-	1,443	1,443	115	1,558
Foreign currency translation	-	-	(14,653)	-	-	(14,653)	(1,356)	(16,009)
Profit for the period	-	-	-	-	123,292	123,292	11,876	135,168
Total comprehensive income for the period	-	-	(14,653)	-	124,735	110,082	10,635	120,717
Dividend:								
- by the Company	-	-	-	-	(64,409)	(64,409)	-	(64,409)
- by subsidiaries to non-controlling interests	-	-	-	-	-	-	(2,910)	(2,910)
Transfer to statutory reserve	-	-	-	9,345	(9,345)	-	-	-
Changes in ownership interests in a subsidiary that do not result in loss of control	-	-	-	-	(2,244)	(2,244)	(2,495)	(4,739)
Balance at 31 December 2022	118,441	(4,748)	39,624	33,862	357,105	544,284	39,455	583,739

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

	Non-distributable				Distributable			
	Foreign currency				Attributable to			
	Share capital	Treasury shares	translation reserve	Statutory reserve	Retained earnings	owners of the Company	Non-controlling interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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)
Share issuance expenses	(484)	-	-	-	-	(484)	-	(484)
Purchase of treasury shares	-	(4,120)	-	-	-	(4,120)	-	(4,120)
Disposal of treasury shares	-	35	-	-	1,620	1,655	-	1,655
Transfer to statutory reserve	-	-	-	6,813	(6,813)	-	-	-
Striking off of subsidiary	-	-	556	-	(556)	-	-	-
Changes in ownership interests in a subsidiary that do not result in loss of control	-	-	-	-	(2,343)	(2,343)	(1,898)	(4,241)
Balance at 31 December 2021	118,441	(4,748)	54,277	24,517	308,368	500,855	34,225	535,080

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

FRONTKEN CORPORATION BERHAD

(Co. No. 651020-T)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Period To Date	Preceding Corresponding Period
	31 Dec 2022	31 Dec 2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	174,791	149,866
Adjustments for:		
Depreciation of property, plant and equipment	14,332	14,574
Depreciation of right-of-use assets	3,259	3,101
Interest expense	831	615
Unrealised (gain)/loss on foreign exchange	(1,603)	92
Interest income	(1,247)	(841)
Gain on disposal of property, plant and equipment	(34)	(26)
Writeback of allowance for impairment losses on trade receivables	-	(204)
Plant and equipment written off	45	3
Allowance for impairment losses on receivables	760	64
Fair value gain on short term investments	(72)	-
Operating profit before working capital changes	191,062	167,244
Inventories	(2,370)	1,087
Trade receivables	(11,716)	(8,967)
Other receivables, deposits and prepaid expenses	(8,100)	(2,537)
Trade payables	7,035	1,958
Other payables and accrued expenses	3,016	11,052
Cash generated from operations	178,927	169,837
Taxes paid	(36,058)	(31,062)
Net cash from operating activities	142,869	138,775
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	1,247	841
Additional investment in an existing subsidiary	(4,739)	(4,241)
Purchase of property, plant and equipment	(52,660)	(82,830)
Purchase of short-term investments	(2,832)	-
Proceeds from disposal of property, plant and equipment	35	26
Net withdrawal/(placement) of fixed deposits with licensed banks	347	(8)
Net cash for investing activities	(58,602)	(86,212)

FRONTKEN CORPORATION BERHAD

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

	CUMULATIVE QUARTER	
	Current Period To Date	Preceding Corresponding Period
	31 Dec 2022	31 Dec 2021
	RM'000	RM'000
CASH FLOWS FOR FINANCING ACTIVITIES		
Interest paid	(831)	(615)
Dividend paid by the Company	(64,409)	(52,907)
Dividend paid by a subsidiary to non-controlling interests	(2,085)	(1,422)
Drawdown of term loans	19,720	-
Share issuance expenses	-	(484)
Payment of lease liabilities	(3,024)	(3,191)
Treasury shares acquired	-	(4,120)
Net proceeds from disposal of treasury shares	-	1,655
Net cash for financing activities	(50,629)	(61,084)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	33,638	(8,521)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	302,359	299,801
EFFECT OF EXCHANGE DIFFERENCES	(8,555)	11,079
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<u>327,442</u>	<u>302,359</u>
THE CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	317,359	249,621
Fixed deposits with licensed banks	13,161	14,008
Short-term investments - money market fund	9,083	51,738
	339,603	315,367
Less: Fixed deposits pledged with banks	(509)	(478)
Less: Fixed deposits with maturity more than 3 months	(11,652)	(12,530)
Cash and cash equivalents	<u>327,442</u>	<u>302,359</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 2021.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022**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 2021.

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 2021.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2021 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2022. 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 2021 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

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

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 2022, 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 2022, the Company paid the following dividend:

Second single tier dividend on 13 April 2022, in respect of the financial year ended 31 December 2021, of 2.5 sen per share on 1,570,951,425 ordinary shares amounting to RM39,273,785.

First single-tier dividend on 20 September 2022, in respect of the financial year ending 31 December 2022, of 1.6 sen per share on 1,570,951,425 ordinary shares amounting to RM25,135,222.

FRONTKEN

FRONTKEN CORPORATION BERHAD

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

A8. Segmental information

The breakdown of the Group's revenue and results by geographical regions for the quarter ended 31 December 2022 are set out below. Revenue and results by geographical sales were based on the location of the Group's subsidiaries.

Current Quarter 31 December 2022

	<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	18,848	27,140	3,489	107	85,689	135,273
Inter-segment sales	5	2,148	89	-	249	2,491
Total revenue	18,853	29,288	3,578	107	85,938	137,764
<u>Segment Results</u>						
Operating profit/(loss)	4,566	1,122	547	(632)	34,504	40,107
Interest income						635
Finance cost						(229)
Profit before taxation						40,513

Current Year-to-date 31 December 2022

<u>Segment Revenue</u>						
External sales	66,509	88,848	13,907	551	347,368	517,183
Inter-segment sales	49	7,215	89	-	599	7,952
Total revenue	66,558	96,063	13,996	551	347,967	525,135

FRONTKEN

FRONTKEN CORPORATION BERHAD

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

Current Year-to-date 31 December 2022

	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)	16,279	12,107	1,974	(993)	145,008	-	174,375
Interest income							1,247
Finance cost							(831)
Profit before taxation							<u>174,791</u>
<u>Assets</u>							
Non-current assets							
- Property, plant and equipment	19,747	16,003	1,655	705	191,155	-	229,265
- Right-of-use assets	7,014	4,368	3,430	746	20,003	-	35,561
- Other receivables	-	-	-	-	160	-	160
- Deferred tax assets	-	-	11	-	1,436	-	1,447
- Goodwill	-	33,761	-	-	-	-	33,761
Current assets	59,021	27,549	21,461	272	370,882	26,441	<u>505,626</u>
Consolidated total assets							<u>805,820</u>
<u>Liabilities</u>							
Tax liabilities	3,469	1,604	23	-	20,011	-	25,107
Segment liabilities	37,707	28,995	7,630	9,821	128,779	(15,958)	<u>196,974</u>
Consolidated total liabilities							<u>222,081</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

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

A9. Profit before tax

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

	Current Quarter 31 Dec 2022 RM'000	Current Year-to-date 31 Dec 2022 RM'000
Interest income	635	1,247
Foreign exchange (loss)/gain	(2,481)	2,387
Fair value gain on short term investments	72	72
Gain on disposal of property, plant and equipment	2	34
Allowance for impairment losses on receivables	(760)	(760)
Depreciation of property, plant and equipment	(3,845)	(14,332)
Depreciation of right-of-use assets	(823)	(3,259)
Interest expense	(229)	(831)
Property, plant and equipment written off	(45)	(45)

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 2022, 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

	As at 31 Dec 2022 RM'000
Cash at bank	317,286
Cash on hand	73
Fixed deposits with licensed banks	13,161
Short-term investments – unit trust	9,083
	<u>339,603</u>
Less: Fixed deposits pledged with banks	(509)
Less: Fixed deposits with maturity period more than 3 months	(11,652)
	<u>327,442</u>

FRONTKEN CORPORATION BERHAD

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

A15. Significant related party transactions

	Current Quarter 31 Dec 2022 RM'000	Current Year-to-date 31 Dec 2022 RM'000
Sales to AMT	9	36
Sales to A&I	3	35
Sales to TTM	-	4
Purchase from AMT	-	1
Purchase from TTM	37	166
Rental payable to AMT	36	144
Rental payable to a director of a subsidiary	30	120

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:

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

	As at 31 Dec 2022 RM'000
Plant and equipment	<u>1,777</u>

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Analysis of performance

Current quarter's performance against the quarter ended 31 December 2021

The Group's revenue for the current quarter ended 31 December 2022 increased by approximately RM14.0 million (11.3%) compared to the preceding year corresponding period mainly due to better contributions by our subsidiaries in Taiwan, Malaysia and Singapore. Our Taiwan semiconductor business continued to benefit from the higher demand in the semiconductor space. The improvement in the Group's local business was largely due to pick-up in orders for its maintenance and repair services of mechanical rotating equipment and manpower supply through its various contracts that it has with Petronas Group of Companies. Its engineering division in Singapore also saw an increase in its activities partly attributable to the improvement in the oil and gas industry.

The Group's profit after tax ("PAT") of RM33.3 million for the current quarter was 2.9% higher than the corresponding quarter's RM32.3 million. The performance would have been better if not for the slight delay in the qualification of our new facility at Kaohsiung City, Taiwan ("Plant 2"). The operational cost for Plant 2 was approximately RM4.2 million in the current quarter. In addition, the Group recorded a foreign currency exchange loss of RM2.5 million in the current quarter as compared to RM0.1 million in the preceding year corresponding quarter. If we were to exclude Plant 2 operational cost, the foreign currency exchange, under provision of incentive from an incorrect advice on the financial treatment of certain benefits and the withholding tax impact from the equation, for a like-for-like comparison, the current quarter's performance would have been 23.1% better than the preceding year corresponding quarter, i.e we would have achieved a PAT of RM41.7 million.

Current 12 months period's performance against the 12 months period ended 31 December 2021

The Group's revenue of RM517.2 million for the current period ended 31 December 2022 was RM67.0 million (15.0%) higher than that achieved in the preceding year corresponding period. This was the highest ever revenue achieved in the history of the Group. The improvement was mainly due to better contributions from our subsidiaries in Taiwan, Malaysia and Singapore.

Against the same period last year, the PAT for the Group increased by RM20.9 million (18.3%) as a result of higher revenue and strict cost management. If we were to exclude the non-core items mentioned above from the equation, for a like-for-like comparison, the current period performance would have been 26.1% better than the preceding year corresponding period, i.e the PAT for the Group would have been RM145.4 million.

B2. Comparison with immediate preceding quarter

	4th Quarter 31 Dec 2022	3rd Quarter 30 Sept 2022
	RM'000	RM'000
Revenue	135,273	134,566
Profit before tax	40,513	48,837
Profit after tax	33,291	38,034
Profit attributable to owners of the Company	29,843	34,733

FRONTKEN CORPORATION BERHAD

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

The Group's revenue was 1% or approximately RM0.7 million higher sequentially mainly due to better contributions from by our subsidiaries in Malaysia and Singapore.

The Group's PAT for the current quarter decreased by RM4.7 million (12.5%) compared to the immediate preceding quarter. If we were to exclude the Plant 2 operational cost, the foreign currency exchange, under provision of incentive and withholding tax impact from the equation, for a like-for-like comparison, the current quarter PAT would have been 5.8% better than the immediate preceding quarter.

B3. Prospects

In 2022, the Group achieved another remarkable performance with a historical high revenue and profit after tax of RM517.2 million and RM135.2 million, respectively, mainly attributable to the stronger performance from the Group's subsidiaries in Taiwan and Malaysia.

The SIA announced that the global semiconductor industry posted sales of USD573.5 billion in 2022, the industry's highest-ever annual total, an increase of 3.2% compared to the 2021 total sales. The fourth-quarter sales of USD130.2 billion were 14.7% less than the total from the fourth quarter of 2021 and 7.7% lower than the total from third quarter of 2022. While market growth slowed during the second half of 2022, SIA viewed the long-term outlook of the industry remains strong as the ever-increasing role of chips in making the world smarter, more efficient, and better connected.

As for the oil and gas industry, we are cautiously optimistic that the positive momentum will carry through to 2023 due to increased 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.

To that end, we are cautiously optimistic that our performance will be satisfactory.

We will continue to be vigilant in our cost management and continually explore ways to improve on our production efficiency. Our priority will be to continue to focus our attention on the quality of our services and efficiencies so as to maintain our competitiveness

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 2022 RM'000	Current Year-to-date 31 Dec 2022 RM'000
Income tax	6,573	37,113
Deferred tax	649	567
Withholding tax	-	1,943
	7,222	39,623

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.

FRONTKEN CORPORATION BERHAD

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

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 2022 are as follows:

	As at 31 Dec 2022		As at 31 Dec 2021	
	Foreign currencies RM'000	RM'000	Foreign currencies RM'000	RM'000
<u>Short term</u>				
Lease liabilities				
- New Taiwan Dollar	647	647	878	878
- Philippine Peso	1,121	1,121	909	909
- Singapore Dollar	499	499	445	445
- Ringgit Malaysia	-	619	-	328
Term loans				
- Singapore Dollar	19,720	19,720	-	-
		22,606		2,560
<u>Long term</u>				
Lease liabilities				
- New Taiwan Dollar	19,498	19,498	10,779	10,779
- Singapore Dollar	7,171	7,171	7,210	7,210
- Philippine Peso	2,330	2,330	-	-
- Ringgit Malaysia	-	1,031	-	760
		52,636		21,309

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 Dec 2022			
<u>Currency</u>			
Singapore Dollar	20,219	7,171	27,390
New Taiwan Dollar	647	19,498	20,145
Philippine Peso	1,121	2,330	3,451
	21,987	28,999	50,986
As at 31 Dec 2021			
<u>Currency</u>			
Singapore Dollar	445	7,210	7,655
New Taiwan Dollar	878	10,779	11,657
Philippine Peso	909	-	909
	2,232	17,989	20,221

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 16 February 2023.

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)	29,843	29,548	123,292	104,504
Number of shares in issue ('000)	1,580,153	1,580,153	1,580,153	1,580,153
Effects of: Treasury shares acquired ('000)	(9,201)	(9,201)	(9,201)	(8,761)
Weighted average number of shares in issue ('000)	1,570,952	1,570,952	1,570,952	1,571,392
Basic EPS (sen)	1.90	1.88	7.85	6.65

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 and hence, the diluted earnings per share is equal to the basic earnings per share.

B10. Dividends

The Board is pleased to announce a second single tier dividend of 2.6 sen per ordinary share in respect of the financial year ended 31 December 2022 subject to shareholders' approval at the coming Annual General Meeting. The entitlement and payment dates will be announced at a later date.

By Order of the Board
Frontken Corporation Berhad

Ng Wai Pin
Chairman
23 February 2023