



## FRONTKEN CORPORATION BERHAD

### PRESS RELEASE

1 AUGUST 2023

### **FRONTKEN POSTED A PROFIT AFTER TAX OF RM35.0 MILLION FOR THE SECOND QUARTER ENDED 30 JUNE 2023; AN INCREASE OF 34% QOQ**

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Frontken delivered a second quarter 2023 profit after tax ("PAT") of RM35.0 million. Despite having a lower revenue, the PAT for current quarter was approximately the same as the corresponding quarter mainly contributed by the interest income earned from placements with financial institutions amounting to RM1.2 million as compared to RM0.2 million interest income in the previous corresponding quarter and gain on disposal of plant and equipment of RM0.9 million.

The Group's revenue for the current quarter ended 30 June 2023 decreased by approximately 5% compared to the preceding year corresponding quarter. The Group's subsidiaries in Taiwan and Singapore recorded a slightly lower revenue compared to the preceding year corresponding quarter due partly to weaker demand from its semiconductor customers flowing on from the first quarter. However, the Group's subsidiaries in Malaysia continued to perform better in the second quarter of 2023 due to the improvement in the oil and gas industry.

The Group's revenue was 6% or approximately RM7.2 million higher sequentially mainly due to improved performance by its subsidiaries in Taiwan, Singapore and Malaysia. Consequently, the PAT also increased significantly by 34% or RM8.9 million. Likewise, the profit attributable to the shareholders also increased by 35%.

For the six months ended 30 June 2023, the PAT of the Group decreased by 4% or RM2.7 million as compared to previous corresponding period as a result of weaker operating environment particularly in the first quarter of this year. The Group's revenue of RM235.1 million for the current period was RM12.2 million or 5% lower than that achieved in the previous corresponding period mainly due to lower demand from its semiconductor customers.

The Semiconductor Industry Association announced that the global semiconductor industry sales during the month of May 2023 totaled USD40.7 billion, an increase of 1.7% compared to April 2023 but 21.1% less than May 2022. Despite continuing market sluggishness compared to 2022, month-to-month global semiconductor sales inched

upward in May for the third consecutive month, sparking optimism for a bigger market demand during the traditionally stronger second half of the year.

As for the oil and gas industry, the Group is cautiously optimistic that its business will be stronger compared to last year due to increased orders from the various contracts for provision of manpower supply and also mechanical rotating equipment services and parts.

The Group remains prudent on the overall business conditions in the second half of the year despite the positive overview from SIA, considering the current geopolitical tension, rising interest rates and inflationary pressure. The Group will continue to focus its attention on the quality of its services and efficiencies so as to maintain its competitiveness and to deliver long term value.