



FRONTKEN CORPORATION BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 Sept 2015 RM '000	Preceding Year Corresponding Quarter 30 Sept 2014 RM '000	Current Year To-date 30 Sept 2015 RM '000	Preceding Year Corresponding Period 30 Sept 2014 RM '000
Revenue	68,855	83,554	212,716	204,793
Operating expenses	(69,018)	(71,497)	(196,200)	(176,932)
Profit before depreciation and finance costs	(163)	12,057	16,516	27,861
Depreciation	(4,474)	(4,589)	(13,691)	(13,769)
Finance costs	(364)	(293)	(1,110)	(881)
Other operating income	6,695	1,657	12,350	5,015
Share of results of associated companies	70	(16)	15	(2)
Profit before tax	1,764	8,816	14,080	18,224
Taxation	(1,382)	(1,775)	(4,281)	(3,209)
Profit after tax	382	7,041	9,799	15,015
Other comprehensive expenses:				
Foreign currency translation	17,019	(353)	28,313	(1,981)
Actuarial losses	(973)	-	(973)	-
Total comprehensive income for the period	16,428	6,688	37,139	13,034
(Loss)/profit after tax attributable to :				
Owners of the Company	(1,890)	5,258	4,206	11,618
Non-controlling interests	2,272	1,783	5,593	3,397
Profit for the period	382	7,041	9,799	15,015
Total comprehensive income attributable to:				
Owners of the Company	12,163	4,885	25,996	10,334
Non-controlling interests	4,265	1,803	11,143	2,700
Total comprehensive income for the period	16,428	6,688	37,139	13,034
Earnings/(Loss) per share attributable to equity holders of the company :				
Basic (sen)	(0.18)	0.52	0.41	1.15

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 September 2014.



FRONTKEN CORPORATION BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

(The figures have not been audited)

	Unaudited <u>30 Sept 2015</u> RM'000	Audited <u>31 Dec 2014</u> RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	141,034	135,551
Investment in associated companies	2,050	1,733
Goodwill on consolidation	33,761	33,761
Deferred tax assets	1,353	1,063
Fixed deposits with licensed banks	1,156	911
Total non-current assets	<u>179,354</u>	<u>173,019</u>
Current assets		
Inventories	10,802	10,272
Amount owing by contract customer	7,555	1,837
Trade receivables	85,422	101,842
Other receivables, deposits and prepaid expenses	7,277	5,284
Amount owing by associates	1,367	1,184
Fixed deposits with licensed banks	14,585	11,369
Cash and bank balances	81,602	51,575
Total current assets	<u>208,610</u>	<u>183,363</u>
Total assets	<u>387,964</u>	<u>356,382</u>
EQUITY AND LIABILITIES		
Capital and reserve		
Issued capital	105,344	101,141
Reserves	49,868	22,980
Retained earnings	86,046	82,683
Equity attributable to owners of the Company	<u>241,258</u>	<u>206,804</u>
Non-controlling interests	36,306	32,913
Total equity	<u>277,564</u>	<u>239,717</u>
Non-current liabilities		
Bank borrowings	23,775	24,347
Hire-purchase payables	539	1,039
Deferred tax liabilities	2,283	2,572
Total non-current liabilities	<u>26,597</u>	<u>27,958</u>
Current liabilities		
Trade payables	30,543	36,836
Other payables and accrued expenses	36,175	35,976
Bank borrowings	14,061	10,775
Hire purchase payable	920	1,377
Tax liabilities	2,104	3,743
Total current liabilities	<u>83,803</u>	<u>88,707</u>
Total liabilities	<u>110,400</u>	<u>116,665</u>
Total equity and liabilities	<u>387,964</u>	<u>356,382</u>
Net assets per share (RM)	0.26	0.24

Notes :

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 2014.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

(The figures have not been audited)

	<----- Non-distributable ----->					Distributable			
	Foreign currency					Attributable to			
	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Warrant reserve	Statutory reserve	Retained earnings	owners of the Company	Non-controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of 1 January 2015	101,141	9,337	(565)	12,034	883	1,291	82,683	206,804	32,913
Other comprehensive income recognised for the period:									
Defined benefit plan actuarial loss	-	-	-	-	-	-	(627)	(627)	(346)
Foreign currency translation	-	-	-	22,417	-	-	-	22,417	5,896
Profit for the period	-	-	-	-	-	-	4,206	4,206	5,593
Total comprehensive income for the period	-	-	-	22,417	-	-	3,579	25,996	11,143
Warrants									
- exercise of warrants	4,203	3,490	-	-	(128)	-	-	7,565	-
- lapse of unexercised warrants	-	755	-	-	(755)	-	-	-	-
Dividend paid by subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	(550)
Transfer to statutory reserve	-	-	-	-	-	1,143	(1,143)	-	-
Purchase of treasury shares	-	-	(34)	-	-	-	-	(34)	-
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	927	927	(7,200)
Balance as of 30 September 2015	105,344	13,582	(599)	34,451	-	2,434	86,046	241,258	36,306

CORRESPONDING PERIOD CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

	<----- Non-distributable ----->					Distributable			
	Foreign currency					Attributable to			
	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Warrant reserve	Statutory reserve	Retained earnings	owners of the Company	Non-controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of 1 January 2014	101,141	9,337	(196)	9,671	883	680	64,787	186,303	27,924
Other comprehensive income recognised for the period:									
Foreign currency translation	-	-	-	(1,284)	-	-	-	(1,284)	(697)
Profit for the period	-	-	-	-	-	-	11,618	11,618	3,397
Total comprehensive income for the period	-	-	-	(1,284)	-	-	11,618	10,334	2,700
Dividend paid by subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	(1,890)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	3,259
Issue of shares by subsidiary	-	-	-	-	-	-	-	-	464
Transfer to statutory reserve	-	-	-	-	-	610	(610)	-	-
Purchase of treasury shares	-	-	(2)	-	-	-	-	(2)	-
Balance as of 30 September 2014	101,141	9,337	(198)	8,387	883	1,290	75,795	196,635	32,457

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 THIRD QUARTER ENDED 30 SEPTEMBER 2015

(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Period To Date 30 Sept 2015 RM'000	Preceding Corresponding Period 30 Sept 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,080	18,224
Adjustments for:		
Depreciation of property, plant and equipment	13,691	13,769
Interest expense	1,110	881
Unrealised gain on foreign exchange	(4,378)	(14)
Interest income	(561)	(169)
(Gain)/Loss on disposal of property, plant and equipment	(12)	7
Writeback of allowance for impairment losses on trade receivables	(572)	(137)
Plant and equipment written off	1,348	153
Impairment loss on plant and equipment	1,250	-
Allowance for impairment losses on receivables	56	276
Loss on disposal of investment in a subsidiary	374	-
Gain on dilution of investment in a subsidiary	-	(65)
Gain on disposal of investment in associates	-	(2,945)
Share of results of associates	(15)	2
Operating profit before working capital changes	26,371	29,982
Inventories	391	257
Amount due from contract customers	(5,718)	9
Trade receivables	32,563	(17,156)
Other receivables, deposits and prepaid expenses	(2,290)	(3,518)
Amount owing by associates	29	184
Trade payables	(9,207)	13,465
Other payables and accrued expenses	216	5,656
Cash generated from operations	42,355	28,879
Taxes paid	(7,737)	(2,177)
Net cash from operating activities	34,618	26,702
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	561	169
Acquisition of subsidiary	-	(7,397)
Acquisition of additional interest in subsidiaries	(6,862)	-
Purchase of property, plant and equipment	(2,774)	(3,888)
Net cash outflow for disposal of a subsidiary	(785)	-
Proceeds from disposal of associates	-	4,415
Proceeds from disposal of property, plant and equipment	15	27
Net withdrawal/(placement) of fixed deposits with licensed banks	6,607	(2,703)
Net cash for investing activities	(3,238)	(9,377)



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	CUMULATIVE QUARTER	
	Current Period To Date	Preceding Corresponding Period
	30 Sept 2015	30 Sept 2014
	RM'000	RM'000
CASH FLOWS FOR FINANCING ACTIVITIES		
Interest paid	(1,110)	(881)
Proceeds from issuance of shares	7,565	-
Issue of shares by subsidiary to non-controlling interests	-	530
Drawdown of term loans	2,027	3,470
Repayment of term loans	(3,641)	(8,646)
Payment of hire purchase payables	(1,219)	(1,981)
Treasury shares acquired	(34)	(3)
Dividend paid by subsidiaries to non-controlling interests	(550)	(1,890)
Net cash from/(for) financing activities	3,038	(9,401)
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,418	7,924
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	52,575	36,414
EFFECT OF EXCHANGE DIFFERENCES	5,676	(611)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>92,669</u>	<u>43,727</u>
THE CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	81,602	41,727
Fixed deposits with licensed banks	15,741	5,401
	<u>97,343</u>	<u>47,128</u>
Less: Fixed deposits pledged with banks	(4,674)	(3,401)
Cash and cash equivalents	<u>92,669</u>	<u>43,727</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 September 2014.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

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 2014.

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 and associated companies since the financial year ended 31 December 2014.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2014 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2015. The adoption of the MFRSs and Amendments do not have significant impact on the financial statements of the Group.

A2. Realised and Unrealised Profits or Losses

	As at 30 Sept 2015 RM'000	As at 30 Sept 2014 RM'000
Total retained profits of FCB and its subsidiaries		
- Realised	102,952	92,847
- Unrealised	4,101	(3,670)
	107,053	89,177
Total share of retained profits from associated companies		
- Realised	356	314
- Unrealised	-	-
	356	314
Less: Consolidation adjustments	(21,363)	(13,696)
Total Group retained profits	86,046	75,795

A3. Audit qualification

The auditors' report in respect of the audited consolidated financial statements of FCB for the financial year ended 31 December 2014 was not subjected to any qualification.



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A4. Seasonality or cyclical of interim operations

The Group's business operations were not materially affected by any seasonal or cyclical factors during the quarter under review.

A5. 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:

A6. Material changes in estimates

There were no changes in estimates that had a material effect on the current quarter's results.

A7. Issuance, cancellations, repurchases, resale and repayments of debt and equity securities

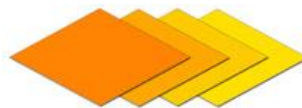
Saved as disclosed below, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations or resale of treasury shares during the current quarter.

The Company purchased 100,000 of its own shares of RM0.10 each on the market of Bursa Securities at an average buy-back price of RM0.16 per share. The total consideration paid for the acquisition of the shares was RM16,123 and was financed by internally generated funds.

As at 30 September 2015, the Company held 5,066,600 repurchased shares as treasury shares out of its total issued and paid-up share capital of 1,053,435,130 ordinary shares of RM0.10 each. Such treasury shares are held at a carrying amount of RM598,746.

A8. Dividends

No dividends were paid and/or declared during the quarter under review.



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A9. Segmental information

The breakdown of the Group's revenue and results by geographical regions for the quarter ended 30 September 2015 are set out below. Revenue and results by geographical sales were based on the location of the Group's subsidiaries.

**Current Quarter
30 September 2015**

	Singapore	Malaysia	Philippines	Indonesia	Taiwan	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>						
External sales	13,208	22,104	3,556	671	29,316	68,855
Inter-segment sales	1,669	117	374	74	101	2,335
Total revenue	<u>14,877</u>	<u>22,221</u>	<u>3,930</u>	<u>745</u>	<u>29,417</u>	<u>71,190</u>

Segment Results

Operating profit/(loss)	1,043	(6,415)	690	(160)	7,069	2,227
Interest income						205
Finance cost						(364)
Loss on disposal of a subsidiary						(374)
Share of results in associates						70
Profit before taxation						<u>1,764</u>

**Current Year-to-date
30 September 2015**

<u>Segment Revenue</u>						
External sales	36,478	84,882	10,825	1,935	78,596	212,716
Inter-segment sales	4,922	417	731	177	200	6,447
Total revenue	<u>41,400</u>	<u>85,299</u>	<u>11,556</u>	<u>2,112</u>	<u>78,796</u>	<u>219,163</u>



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**Current Year-to-date
30 September 2015**

	Singapore	Malaysia	Philippines	Indonesia	Taiwan	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Segment Results</u>						
Operating profit/(loss)	(1,035)	(3,776)	2,235	(366)	17,930	14,988
Interest income						561
Finance cost						(1,110)
Loss on disposal of a subsidiary						(374)
Share of results in associates						15
Profit before taxation						<u>14,080</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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A10. Profit before tax

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

	Current Quarter 30 Sept 2015 RM'000	Current Year-to-date 30 Sept 2015 RM'000
Interest income	205	561
Gain on disposal of property, plant and equipment	5	12
Writeback of allowance for impairment losses	-	572
Foreign exchange (loss)/gain	3,325	5,751
Allowance for impairment losses on receivables	(1)	(56)
Allowance for impairment losses on plant and equipment	(769)	(1,250)
Interest expense	(364)	(1,110)
Depreciation of property, plant and equipment	(4,474)	(13,691)
Property, plant and equipment written off	(1,163)	(1,348)
Loss on disposal of a subsidiary	(374)	(374)

A11. Valuation of property, plant and equipment

There was no revaluation of property, plant and equipment during the quarter under review.

A12. 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.

A13. Changes in the composition of the Group

Saved as disclosed below, there were no changes in the composition of the Group for the current quarter under review.

The Company and its subsidiary, Ares Green International Corporation had on 19 August 2015 entered into a Sale and Purchase Agreement with MIC-Tech Ventures Asia Pacific Inc. to dispose to the latter 60% of the issued and paid-up share capital of Frontken MIC Co. Limited ("FMIC") comprising 10,903,805 ordinary shares of HKD1.00 each for a cash consideration of USD90,000. The disposal was completed on 30 September 2015, whereupon FMIC ceased to be a subsidiary of the Group.

The Company's wholly-owned subsidiary, Frontken (Singapore) Pte Ltd ("FSPL"), had on 25 August 2015 entered into a Sale and Purchase Agreement with Giga Group Pte Ltd, to acquire the remaining 49% of the entire issued and paid-up share capital in Frontken Projects Pte Ltd ("FPPL") for a cash consideration of S\$585,060. Following the completion of the acquisition on 28 August 2015, FPPL became a wholly-owned subsidiary of FSPL.



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The Company acquired 2,135,610 ordinary shares of NT\$10 each representing 6.46% of the issued and paid-up share capital of Ares Green Technology Corporation ("AGTC") for a total cash consideration of NT\$42,192,117 (including incidental costs) (equivalent to RM5,103,100). Following the acquisition, the Group's interest in AGTC increased from 57.92% to 64.38%.

A14. Contingent liabilities

As at 30 September 2015, the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position of the Group.

A15. Cash and cash equivalents

	As at 30 Sept 2015 RM'000
Cash at bank	81,517
Cash on hand	85
Fixed deposits	15,741
	<u>97,343</u>
Less: Fixed deposits pledged with banks	<u>(4,674)</u>
	<u>92,669</u>

A16. Significant related party transactions

	Current Quarter 30 Sept 2015 RM'000	Current Year-to-date 30 Sept 2015 RM'000
Sales to AMT	11	35
Sales to Cleanpart Group	3	115
Purchase from TTM	85	463
Purchases from FT	-	1
Rental payable to AMT	36	108
Rental payable to TTM	27	80

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.
FT	An associate of Frontken (Singapore) Pte Ltd which in turn is a wholly owned subsidiary of the Company.
TTM	Mohd Shukri Bin Hitam and Fauziah Binti Hamlawi, directors and shareholders of TTES, are also directors and shareholders of TTM.
Cleanpart	Jorg Helmut Hohnloser, a director and shareholders of the Company, is also a board member and shareholder of Cleanpart.



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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>FT</i>	<i>Frontken (Thailand) Co. Ltd</i>
<i>TTES</i>	<i>TTES Frontken Integrated Services Sdn. Bhd. (formerly known as TTES Team & Specialist Sdn Bhd</i>	<i>Cleanpart</i>	<i>Cleanpart GmbH</i>
		<i>TTM</i>	<i>Tenaga-Tech (M) Sdn Bhd</i>

A17. 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 Sept 2015 RM'000
Acquisition of machinery and equipment	<u>665</u>

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Analysis of performance

The Group's revenue for the current quarter ended 30 September 2015 decreased by approximately RM14.7 million (17.6%) compared to the corresponding period of the preceding year, mainly attributable to the lower revenue recognition from the ATB project as the same is at its completion stage. Despite that, the Group's revenue for 9 months ended 30 September 2015 saw an increase of approximately RM7.9 million (3.9%) compared to the preceding year due to better business performance from the Group's subsidiaries in Taiwan and Philippines.

The better performance in Taiwan was mainly due to positive growth of the semi-conductor business. The Group's subsidiary in the Philippines also achieved a better performance due to the improvement of its clientele coverage. The Group's subsidiary in Singapore achieved a better performance in the current quarter compared to the preceding quarter as the drop in business in the preceding quarter was caused by the slowdown in our customers' business due to the declining market condition.

Against the same period last year, the profit before tax ("PBT") for the 9 months ended 30 September 2015 decreased by approximately RM4.1 million and the PBT for the current quarter decreased by approximately RM7.1 million due to the higher expenses from the ATB project in the current quarter.



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B2. Comparison with immediate preceding quarter

	3rd Quarter 30 Sept 2015	2nd Quarter 30 Jun 2015
	RM'000	RM'000
Revenue	68,855	66,643
Profit before tax	1,764	1,555

The Group's revenue was 3.3% or approximately RM2.2 million higher during the current quarter as compared to the immediate preceding quarter mainly due to higher revenue by its subsidiaries in Taiwan and Singapore.

The Group's higher PBT during the current quarter as compared to the immediate preceding quarter was primarily due to higher foreign exchange gain in the current quarter.

B3. Prospects for the year

The Group anticipates that the overall business conditions this year will continue to be challenging amidst subdued and uncertain global economic conditions and slower growth in the regional economies as can be seen in the Group's current quarter performance as compared to the same period last year and the immediate preceding quarter. The Group is cognizance of the potential increase in pressure from customers for price reduction and will strive to remain competitive.

In the remaining quarter in 2015, the Group will continue to focus on the quality of services and efficiencies so as to maintain its competitiveness. Over the years the Group has embarked on a series of improvement measures including cutting its cost base, improving cross selling for greater operational synergies and implementing best practice margin management and sourcing strategy to deliver better value propositions to customers.

The Group is pleased with the improved performance of its subsidiaries in Taiwan and Philippines and continues to be optimistic that they will contribute positively to the Group for the remainder of this year. However, the business in Singapore will continue to be challenging in light of the higher operating costs and business slow down in that market. The Group is also cautious of the higher expenses from the ATB project in the current quarter and will endeavor to keep the cost in check in the next quarter.

Amidst the encouraging business developments in some of the markets it operates in, the Group is cautious of year 2015 as the uncertainties of the domestic and overseas markets could continue to run through the rest of the year. The Group remains positive of its business and would continue to look for opportunity to grow.

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

	Current Quarter 30 Sept 2015	Current Year-to-date 30 Sept 2015
	RM'000	RM'000
Income tax	1,650	4,976
Deferred tax	(268)	(695)
	1,382	4,281

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

There were no corporate proposals that were announced but not completed.

B7. Group borrowings

The Group's borrowings as at 30 September 2015 are as follows:

	Short-term	Long-term	Total
	RM'000	RM'000	RM'000
<u>Secured</u>			
Hire purchase creditors	920	539	1,459
Term loans	14,061	23,775	37,836
	14,981	24,314	39,295

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
<u>Currency</u>			
Singapore Dollar	11,815	6,752	18,567
New Taiwan Dollar	-	9,461	9,461
	11,815	16,213	28,028



FRONTKEN CORPORATION BERHAD

(Co. No. 651020-T)

(Incorporated in Malaysia)

B8. Material litigations

Save as disclosed below, 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 as at 16 November 2015:

(a) Litigation by Frontken Malaysia Sdn Bhd (“FM”) against an ex-senior management personnel and 5 others (“collectively known as Defendants”)

Following the resignation of a senior management personnel of FM, a wholly-owned subsidiary of the Company, in 2012 the Board of Directors of the Company (the “Board”) was made aware that there may be some irregular dealings between FM and its suppliers.

On 1 October 2012, Messrs Crowe Horwath was appointed to carry out a special investigative audit. Messrs Crowe Horwath issued a report on 18 February 2013 followed by an Expanded and Revised Investigative Audit Report on 3 June 2013.

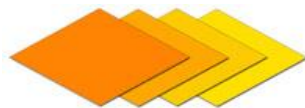
The Company had on 11 June 2013 lodged a police report at the Police Headquarters, Commercial Crime Investigation Department at Bukit Aman on the alleged financial irregularities.

A civil suit had also been lodged against an ex-senior management personnel and 5 others (“collectively known as Defendants”) in the High Court of Penang for inter alia recovery of monies identified to have been wrongfully paid out by FM to some of the Defendants in view of the findings of the Investigative Audit conducted by Messrs Crowe Horwarth.

An ex-parte Mareva Injunction Order was subsequently obtained by FM against one of the Defendants on 2 August 2013. This was followed by an ex-parte Ad Interim order dated 16 August 2013. In essence, the purpose of the ex-parte Orders was to freeze his assets. FM’s Mareva application against the one of the Defendant was allowed by consent on 18 March 2014. The main civil suit has been fixed for case management on 21 July 2015. On 4 November 2015, the Company’s solicitors informed that the trial dates fixed on 16 to 18 November 2015 previously have been vacated and the new trial dates will be fixed in due course due to the retirement of the trial judge.

In respect of the main civil suit, some of the Defendants filed Defences and Counterclaims against FM and some of its existing senior management. The aforesaid counterclaims are being resisted by FM as well as its senior management.

The Board has lodged a second police report on one of the Defendants for fraudulently and/or unlawfully altered the emails details in the Defendant affidavits for attempting to mislead the Court and pervert the course of justice.



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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 of RM0.10 each in issue.

	Current Quarter	Preceding Corres- ponding Quarter	Current Year-to- date	Preceding Corres- ponding Year-to- date
(Loss)/Profit attributable to owners of the Company (RM'000)	(1,890)	5,258	4,206	11,618
Number of shares in issue ('000)	1,011,408	1,011,408	1,011,408	1,011,408
Effects of:				
Exercise of warrants ('000)	42,027	-	31,679	-
Treasury shares acquired ('000)	(5,005)	(1,860)	(4,956)	(1,856)
Weighted average number of shares in issue ('000)	1,048,430	1,009,548	1,038,131	1,009,552
Basic EPS (sen)	(0.18)	0.52	0.41	1.15

b) Diluted EPS

No diluted EPS has been presented as the Group does not have any dilutive potential ordinary shares in issue as at the Balance Sheet date.

B10. Dividends

No dividend has been declared for the current quarter ended 30 September 2015.

By Order of the Board
Frontken Corporation Berhad

Ng Wai Pin
Chairman / Managing Director
24 November 2015