

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 2020

(The figures have not been audited)

	Individual Quarter				Cumulative Quarter			
	Current Year Quarter 30 Sept 2020 RM '000	Preceding Year Corresponding Quarter 30 Sept 2019 RM '000	Changes RM'000	(%)	Current Year To-date 30 Sept 2020 RM '000	Preceding Year Corresponding Period 30 Sept 2019 RM '000	Changes RM'000	(%)
Revenue	94,792	87,049	7,743	9	267,283	251,023	16,260	6
Operating expenses	(62,432)	(57,653)	(4,779)	8	(177,480)	(167,861)	(9,619)	6
Profit before depreciation and finance	32,360	29,396	2,964	10	89,803	83,162	6,641	8
Depreciation	(4,573)	(4,596)			(13,890)	(14,058)		
Finance costs	(159)	(185)			(518)	(616)		
Other operating income	2,703	1,504			7,577	3,283		
Profit before tax	30,331	26,119	4,212	16	82,972	71,771	11,201	16
Taxation	(7,336)	(5,642)	(1,694)	30	(19,905)	(17,128)	(2,777)	16
Profit after tax	22,995	20,477	2,518	12	63,067	54,643	8,424	15
Profit after tax attributable to :								
Owners of the Company	21,341	19,049	2,292	12	58,677	50,971	7,706	15
Non-controlling interests	1,654	1,428			4,390	3,672		
Profit for the period	22,995	20,477			63,067	54,643		
Profit for the period	22,995	20,477			63,067	54,643		
Other comprehensive expenses:								
Foreign currency translation	(4,935)	426			11,720	9		
Total comprehensive income for the period	18,060	20,903			74,787	54,652		
Total comprehensive income attributable to:								
Owners of the Company	16,662	19,305			69,413	51,014		
Non-controlling interests	1,398	1,598			5,374	3,638		
Total comprehensive income for the period	18,060	20,903			74,787	54,652		
Earnings per share attributable to equity holders of the company :								
Basic (sen)	2.04	1.82			5.60	4.86		

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 2019.

FRONTKEN CORPORATION BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

(The figures have not been audited)

	Unaudited 30 Sept 2020 RM'000	Audited 31 Dec 2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	124,019	125,736
Right-of-use assets	18,005	19,731
Goodwill on consolidation	33,761	33,761
Deferred tax assets	2,414	2,295
Total non-current assets	<u>178,199</u>	<u>181,523</u>
Current assets		
Inventories	19,891	15,101
Trade receivables	107,139	86,300
Other receivables, deposits and prepaid expenses	9,334	7,380
Short-term investments	5,010	10,684
Fixed deposits with licensed banks	13,430	17,576
Cash and bank balances	250,085	197,161
Total current assets	<u>404,889</u>	<u>334,202</u>
Total assets	<u><u>583,088</u></u>	<u><u>515,725</u></u>
EQUITY AND LIABILITIES		
Capital and reserve		
Share capital	118,925	118,925
Treasury shares	(663)	(663)
Reserves	299,933	258,710
Equity attributable to owners of the Company	<u>418,195</u>	<u>376,972</u>
Non-controlling interests	25,513	21,776
Total equity	<u>443,708</u>	<u>398,748</u>
Non-current liabilities		
Lease liabilities	10,728	11,931
Other payables	2,795	2,714
Deferred tax liabilities	273	408
Total non-current liabilities	<u>13,796</u>	<u>15,053</u>
Current liabilities		
Trade payables	19,877	16,890
Other payables and accrued expenses	87,538	67,123
Bank borrowings	1,435	844
Lease liabilities	2,550	3,033
Current tax liabilities	14,184	14,034
Total current liabilities	<u>125,584</u>	<u>101,924</u>
Total liabilities	<u>139,380</u>	<u>116,977</u>
Total equity and liabilities	<u><u>583,088</u></u>	<u><u>515,725</u></u>
Net assets per share attributable to owners of the parents (RM)	0.40	0.36

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 2019.

FRONTKEN CORPORATION BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

(The figures have not been audited)

	<--- Non-distributable --->			Distributable		Attributable to		
	Share capital	Treasury shares	Foreign currency 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 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	-	-	10,736	-	-	10,736	984	11,720
Profit for the period	-	-	-	-	58,677	58,677	4,390	63,067
Total comprehensive income for the period	-	-	10,736	-	58,677	69,413	5,374	74,787
Dividend:								
- by the Company	-	-	-	-	(28,295)	(28,295)	-	(28,295)
- by a subsidiary to non-controlling interests	-	-	-	-	-	-	(756)	(756)
Transfer to statutory reserve	-	-	-	4,679	(4,679)	-	-	-
Changes in ownership interests in subsidiary that do not result in loss of control	-	-	-	-	105	105	(881)	(776)
Balance at 30 September 2020	118,925	(663)	40,518	17,688	241,727	418,195	25,513	443,708

CORRESPONDING PERIOD CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

	<--- Non-distributable --->			Distributable		Attributable to		
	Share capital	Treasury shares	Foreign currency 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 2019	118,925	(663)	27,672	9,111	169,995	325,040	19,604	344,644
Initial application of MFRS 16	-	-	-	-	(119)	(119)	-	(119)
Balance at 1 January 2019 (restated)	118,925	(663)	27,672	9,111	169,876	324,921	19,604	344,525
Other comprehensive income recognised for the period:								
Foreign currency translation	-	-	43	-	-	43	(34)	9
Profit for the period	-	-	-	-	50,971	50,971	3,672	54,643
Total comprehensive income for the period	-	-	43	-	50,971	51,014	3,638	54,652
Dividends								
- by the Company	-	-	-	-	(18,863)	(18,863)	-	(18,863)
- by a subsidiary to non-controlling interests	-	-	-	-	-	-	(639)	(639)
Transfer to statutory reserve	-	-	-	3,877	(3,877)	-	-	-
Changes in ownership interests in subsidiary that do not result in loss of control	-	-	-	-	(443)	(443)	(2,194)	(2,637)
Balance at 30 September 2019	118,925	(663)	27,715	12,988	197,664	356,629	20,409	377,038

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 THIRD QUARTER ENDED 30 SEPTEMBER 2020

(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Period To Date 30 Sept 2020 RM'000	Preceding Corresponding Period 30 Sept 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	82,972	71,771
Adjustments for:		
Depreciation of property, plant and equipment	11,539	11,905
Depreciation of right-of-use assets	2,351	2,153
Interest expense	518	616
Unrealised loss/(gain) on foreign exchange	80	(1,210)
Interest income	(1,041)	(800)
Gains on lease modification	(1)	-
Gain on disposal of property, plant and equipment	(1,550)	(5)
Writeback of allowance for impairment losses on trade receivables	-	(2)
Allowance for impairment losses on receivables	256	-
Operating profit before working capital changes	95,124	84,428
Inventories	(4,211)	674
Trade receivables	(18,511)	(15,901)
Other receivables, deposits and prepaid expenses	(1,675)	(905)
Trade payables	2,349	437
Other payables and accrued expenses	17,576	(918)
Cash generated from operations	90,652	67,815
Taxes paid	(20,341)	(17,147)
Net cash from operating activities	70,311	50,668
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	1,041	800
Additional investment of a subsidiary	(776)	(2,637)
Purchase of property, plant and equipment	(5,702)	(3,337)
Placement of short-term investments	-	(4,210)
Proceeds from disposal of property, plant and equipment	2,000	6
Net placement of fixed deposits with licensed banks	(6,677)	(17,028)
Net cash for investing activities	(10,114)	(26,406)

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	CUMULATIVE QUARTER	
	Current Period To Date 30 Sept 2020 RM'000	Preceding Corresponding Period 30 Sept 2019 RM'000
CASH FLOWS FOR FINANCING ACTIVITIES		
Interest paid	(518)	(616)
Dividend paid by the Company	(28,295)	(18,863)
Dividend paid by a subsidiary to non-controlling interests	(756)	(850)
Repayment of term loans	(843)	(10,152)
Payment of lease liabilities	(2,501)	(2,505)
Net cash for financing activities	(31,478)	(32,986)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	28,719	(8,724)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	219,669	148,940
EFFECT OF EXCHANGE DIFFERENCES	7,708	1,150
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>256,095</u>	<u>141,366</u>
THE CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	250,085	120,910
Fixed deposits with licensed banks	13,430	30,961
Short-term investments	5,010	12,877
	<u>268,525</u>	<u>164,748</u>
Less: Fixed deposits pledged with banks	(810)	(2,037)
Less: Fixed deposits with maturity more than 3 months	(11,620)	(17,135)
Less: Short-term investments - money market fund	-	(4,210)
Cash and cash equivalents	<u>256,095</u>	<u>141,366</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 2019.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**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 2019.

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 since the financial year ended 31 December 2019.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2019 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2020. 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 2019 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 Malaysia due to the Movement Control Order (MCO) from 18th of March 2020 where the amount of workforce allowed was reduced. We are now 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

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 30 September 2020, the Company held 5,466,600 repurchased shares as treasury shares out of its total issued and paid-up share capital of 1,053,435,130 ordinary shares. Such treasury shares are held at a carrying amount of RM663,237.

A7. Dividends

During the financial period ended 30 September 2020, the Company paid the following dividend:

Second single-tier dividend on 13 April 2020, in respect of the financial year ended 31 December 2019, of 1.5 sen per ordinary share on 1,047,968,530 ordinary shares amounting to RM15,719,528.

First single-tier dividend on 22 September 2020, in respect of the financial year ended 31 December 2020, of 1.2 sen per ordinary share on 1,047,968,530 ordinary shares amounting to RM12,575,622.

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A8. Segmental information

The breakdown of the Group's revenue and results by geographical regions for the quarter ended 30 September 2020 are set out below. Revenue and results by geographical sales were based on the location of the Group's subsidiaries.

Current Quarter 30 September 2020

	<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	14,689	11,567	4,191	116	64,229	94,792
Inter-segment sales	110	919	14	-	54	1,097
Total revenue	14,799	12,486	4,205	116	64,283	95,889
<u>Segment Results</u>						
Operating profit/(loss)	4,531	2,559	812	(523)	22,887	30,266
Interest income						224
Finance cost						(159)
Profit before taxation						30,331

Current Year-to-date 30 September 2020

<u>Segment Revenue</u>						
External sales	44,704	35,471	11,224	585	175,299	267,283
Inter-segment sales	293	3,556	43	-	169	4,061
Total revenue	44,997	39,027	11,267	585	175,468	271,344

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Current Year-to-date 30 September 2020

	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)	15,403	5,820	1,679	(632)	60,179	-	82,449
Interest income							1,041
Finance cost							(518)
Profit before taxation							82,972
<u>Assets</u>							
Non-current assets							
- Property, plant and equipment	21,122	13,783	1,331	1,064	86,719	-	124,019
- Right-of-use assets	7,742	6,482	2,232	738	811	-	18,005
- Deferred tax assets	-	-	9	-	2,405	-	2,414
- Goodwill	-	33,761	-	-	-	-	33,761
Current assets	99,402	11,423	21,051	646	251,907	20,460	404,889
Consolidated total assets							583,088
<u>Liabilities</u>							
Tax liabilities	4,979	713	231	-	8,534	-	14,457
Segment liabilities	15,616	17,920	8,350	9,280	95,239	(21,482)	124,923
Consolidated total liabilities							139,380

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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A9. Profit before tax

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

	Current Quarter 30 Sept 2020 RM'000	Current Year-to-date 30 Sept 2020 RM'000
Interest income	224	1,041
Gain on disposal of property, plant and equipment	1,550	1,550
Foreign exchange loss	(824)	(102)
Allowance for impairment losses on receivables	(192)	(256)
Interest expense	(159)	(518)
Depreciation of property, plant and equipment	(3,776)	(11,539)
Depreciation of right-of-use assets	(797)	(2,351)

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 September 2020 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 30 Sept 2020 RM'000
Cash at bank	249,994
Cash on hand	91
Fixed deposits	13,430
Short-term investments	5,010
	<u>268,525</u>
Less: Fixed deposits pledged with banks	(810)
Less: Fixed deposits with maturity period more than 3 months	(11,620)
	<u>256,095</u>

A15. Significant related party transactions

	Current Quarter 30 Sept 2020 RM'000	Current Year-to-date 30 Sept 2020 RM'000
Sales to AMT	21	30
Sales to A&I	5	13
Sales to TTM	21	21
Purchase from TTM	51	108
Rental payable to AMT	36	99

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	TTES	TTES Frontken Integrated Services Sdn. Bhd.
TTM	Tenaga-Tech (M) 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 30 Sept 2020 RM'000
Plant and equipment	<u>661</u>

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Analysis of performance

Current quarter's performance against the quarter ended 30 September 2019

The Group's revenue for the current quarter ended 30 September 2020 increased by approximately RM7.7 million (8.9%) compared to the preceding year corresponding quarter mainly contributed by our subsidiaries in Taiwan and the Philippines. Our Taiwan's unit benefited from the pick-up in volume in the semi-conductor space due to higher demand and strong orders from one of our customers' advanced nodes' chips. We would have achieved a better quarter but for the decline in our oil and gas divisions in Malaysia and Singapore.

The Group's profit before tax ("PBT") of RM30.3 million for the current quarter was RM4.2 million or 16.1% higher than the corresponding quarter's RM26.1 million. This was the highest PBT we had ever achieved. The higher profit was mainly due to improved revenue and better profit margin resulting from the continual efforts to improve efficiency across the Group. The Group recorded a foreign currency exchange loss of RM0.8 million in the current quarter as compared to a foreign exchange gain of RM1.0 million in the preceding year corresponding quarter. If we were to exclude the foreign currency exchange impact from the equation, the current quarter's performance would have been 24.2% better than the preceding year corresponding quarter.

It is worthwhile mentioning that this was our best ever quarter performance; more noteworthy in light of the global slowdown caused by the COVID-19 pandemic. We were able to achieve this because of the significant PAT improvement of 39.1% from our semi-conductor division compared to the preceding year corresponding quarter.

Current 9 months period's performance against the 9 months period ended 30 September 2019

The Group's revenue of RM267.3 million for the current period ended 30 September 2020 was RM16.3 million (6.5%) higher than that achieved in the preceding year corresponding period mainly contributed by our subsidiary in Taiwan. The performance would have been better but for the indirect impact from the COVID-19 pandemic that hit our oil and gas division particularly hard.

Against the same period last year, the PBT for the Group increased by RM11.2 million (15.6%) as a result of improved revenue and vigilance in cost management. As a result of improved revenue and better profit margin, our semi-conductor division achieved a 32.9% improved PAT compared to the preceding year corresponding 9 months' period.

B2. Comparison with immediate preceding quarter

	3rd Quarter 30 Sept 2020	2nd Quarter 30 Jun 2020
	RM'000	RM'000
Revenue	94,792	87,620
Profit before tax	30,331	27,918
Profit after tax	22,995	21,828
Profit attributable to owners of the Company	21,341	20,329

The Group's revenue was 8.2% or approximately RM7.2 million higher during the current quarter as compared to the immediate preceding quarter mainly due to better performances from all our subsidiaries except for our unit in Indonesia.

Despite having to pay a withholding tax of RM0.99 million imposed on the dividend declared by the Group's subsidiary in Taiwan, the Group's profit after tax ("PAT") and profit attributable to owners ("PATAMI") for the current quarter increased by RM1.2 million (5.3%) and RM1.0 million (5.0%) respectively compared to the immediate preceding quarter. If we were to remove the foreign currency impact and exceptional items, the current quarter PATAMI was RM21.7 million compared to RM20.3 million achieved in the immediate preceding quarter.

The Group's improved unaudited profit for the current quarter was partly attributable to our continual efforts in improving our production processes leading to better cost management. The Group's semi-conductor division unaudited profit was 20.3% better than the immediate preceding quarter.

B3. Prospects

The Group recorded a remarkable third quarter results with a 16.1% and 8.6% increase respectively in its PBT compared to the preceding year corresponding quarter and immediate preceding quarter mainly attributable to the positive growth in our semi-conductor business. The Group is seeing advancement and deployment of new innovative technologies following from the gradual roll-out of 5G network globally and we believe these developments in the electronic and technology space, coupled with the strong demand for our customer's advanced nodes' chips, will be positive for our business in years to come. To that end, the Group is looking to expand its capacity in Taiwan by constructing 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 nodes' chips which we are given to understand will be available in 2022. In the interim, our subsidiary in Taiwan, had also added new production lines to better cope with the existing increasing demand. These new lines are expected to be operational in November of this year.

As for the remaining 3 months of this year, the Group anticipates that the overall business conditions, particularly for the oil and gas segment, will continue to be uncertain amidst global uncertainties and downside risks due to heightened concerns over the impact of the potential new wave from the COVID-19 pandemic on the world economy.

As for the oil and gas industry, we noticed that new orders are trickling in from the various umbrella contracts for provision of manpower supply and also mechanical rotating equipment services and parts that we have with the Petronas Group of Companies. We hope this momentum will pick up further in the fourth quarter of this year and hopefully throughout 2021. Having said that, global oil demand and the COVID-19 pandemic will all remain a key source of risk to the current outlook.

While the Group anticipates that the overall business conditions in the remaining quarter of the current financial year to remain uncertain, we are cautiously optimistic that our performance for the remaining months will be satisfactory and are 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.

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B5. Taxation

	Current Quarter 30 Sept 2020	Current Year-to-date 30 Sept 2020
	RM'000	RM'000
Income tax	6,312	19,008
Deferred tax	(22)	(149)
Withholding tax	986	986
RPGT	60	60
	<u>7,336</u>	<u>19,905</u>

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 2020 are as follows:

	As at 30 Sept 2020		As at 30 Sept 2019	
	Foreign currencies RM'000	RM'000	Foreign currencies RM'000	RM'000
<u>Short term</u>				
Lease liabilities				
- New Taiwan Dollar	128	128	94	94
- Philippine Peso	1,065	1,065	81	81
- Singapore Dollar	417	417	403	403
- Ringgit Malaysia	-	940	-	1,354
Term loans				
- New Taiwan Dollar	1,435	1,435	-	-
- Singapore Dollar	-	-	1,263	1,263
		<u>3,985</u>		<u>3,195</u>
<u>Long term</u>				
Lease liabilities				
- Singapore Dollar	7,631	7,631	8,035	8,035
- Philippine Peso	1,231	1,231	-	-
- New Taiwan Dollar	664	664	697	697
- Ringgit Malaysia	-	1,202	-	1,228
		<u>14,713</u>		<u>13,155</u>

FRONTKEN CORPORATION BERHAD

(Co. No. 651020-T)

(Incorporated in Malaysia)

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 30 September 2020			
<u>Currency</u>			
Singapore Dollar	417	7,631	8,048
Philippine Peso	1,065	1,231	2,296
New Taiwan Dollar	1,563	664	2,227
	<u>3,045</u>	<u>9,526</u>	<u>12,571</u>
As at 30 September 2019			
<u>Currency</u>			
Singapore Dollar	1,666	8,035	9,701
New Taiwan Dollar	94	697	791
Philippine Peso	81	-	81
	<u>1,841</u>	<u>8,732</u>	<u>10,573</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 28 October 2020.

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 Corresponding Quarter	Current Year-to-date	Preceding Corresponding Year-to-date
Profit attributable to owners of the Company (RM'000)	21,341	19,049	58,677	50,971
Number of shares in issue ('000)	1,053,435	1,053,435	1,053,435	1,053,435
Effects of: Treasury shares acquired ('000)	(5,467)	(5,467)	(5,467)	(5,467)
Weighted average number of shares in issue ('000)	1,047,968	1,047,968	1,047,968	1,047,968
Basic EPS (sen)	2.04	1.82	5.60	4.86

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b) Diluted EPS

The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

B10. Dividends

No dividend has been declared for the current quarter ended 30 September 2020.

By Order of the Board
Frontken Corporation Berhad

Ng Wai Pin
Chairman / Chief Executive Officer
3 November 2020