

FRONTKEN CORPORATION BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2024
(The figures have not been audited)

	Individual Quarter				Cumulative Quarter			
	Current Year Quarter 31 Mar 2024 RM '000	Preceding Year Corresponding Quarter 31 Mar 2023 RM '000	Changes RM'000 (%)		Current Year To-date 31 Mar 2024 RM '000	Preceding Year Corresponding Period 31 Mar 2023 RM '000	Changes RM'000 (%)	
Revenue	140,517	113,987	26,530	23	140,517	113,987	26,530	23
Operating expenses	(90,756)	(76,144)	(14,612)	19	(90,756)	(76,144)	(14,612)	19
Profit before depreciation and finance costs	49,761	37,843	11,918	31	49,761	37,843	11,918	31
Depreciation	(5,323)	(4,835)			(5,323)	(4,835)		
Finance costs	(219)	(373)			(219)	(373)		
Other operating income	6,034	2,493			6,034	2,493		
Profit before tax	50,253	35,128	15,125	43	50,253	35,128	15,125	43
Taxation	(16,827)	(8,996)	(7,831)	87	(16,827)	(8,996)	(7,831)	87
Profit after tax	33,426	26,132	7,294	28	33,426	26,132	7,294	28
Profit after tax attributable to :								
Owners of the Company	30,053	23,584	6,469	27	30,053	23,584	6,469	27
Non-controlling interests	3,373	2,548			3,373	2,548		
Profit for the period	33,426	26,132			33,426	26,132		
Profit for the period	33,426	26,132			33,426	26,132		
Other comprehensive income:								
Foreign currency translation	(5,310)	3,724			(5,310)	3,724		
Total comprehensive income for the period	28,116	29,856			28,116	29,856		
Total comprehensive income attributable to:								
Owners of the Company	25,184	27,109			25,184	27,109		
Non-controlling interests	2,932	2,747			2,932	2,747		
Total comprehensive income for the period	28,116	29,856			28,116	29,856		
Earnings per share attributable to equity holders of the company :								
Basic (sen)	1.91	1.50			1.91	1.50		

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 31 March 2023.

FRONTKEN CORPORATION BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024
(The figures have not been audited)

	Unaudited 31 Mar 2024 RM'000	Audited 31 Dec 2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	237,210	236,223
Right-of-use assets	35,189	35,218
Other receivables and prepaid expenses	971	992
Goodwill on consolidation	33,761	33,761
Deferred tax assets	1,330	1,344
Total non-current assets	<u>308,461</u>	<u>307,538</u>
Current assets		
Inventories	23,579	22,330
Trade receivables	123,706	118,975
Other receivables, deposits and prepaid expenses	10,958	16,921
Short-term investments	58,168	32,648
Fixed deposits with licensed banks	56,770	70,840
Cash and bank balances	330,370	316,173
Total current assets	<u>603,551</u>	<u>577,887</u>
Total assets	<u><u>912,012</u></u>	<u><u>885,425</u></u>
EQUITY AND LIABILITIES		
Capital and reserve		
Share capital	118,441	118,441
Treasury shares	(3,739)	(3,739)
Reserves	551,649	526,465
Equity attributable to owners of the Company	<u>666,351</u>	<u>641,167</u>
Non-controlling interests	47,456	46,735
Total equity	<u>713,807</u>	<u>687,902</u>
Non-current liabilities		
Bank borrowing	41	49
Lease liabilities	30,193	29,797
Other payables	370	351
Deferred tax liabilities	944	912
Total non-current liabilities	<u>31,548</u>	<u>31,109</u>
Current liabilities		
Trade payables	18,761	22,989
Other payables and accrued expenses	113,052	119,333
Bank borrowing	33	33
Lease liabilities	2,892	3,249
Current tax liabilities	31,919	20,810
Total current liabilities	<u>166,657</u>	<u>166,414</u>
Total liabilities	<u>198,205</u>	<u>197,523</u>
Total equity and liabilities	<u><u>912,012</u></u>	<u><u>885,425</u></u>
Net assets per share attributable to owners of the parents (RM)	0.42	0.41

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 2023.

FRONTKEN CORPORATION BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2024

(The figures have not been audited)

	<----- Non-distributable ----->					Distributable			
	Share capital	Treasury shares	Foreign currency translation reserve	Statutory reserve	Share grant plan reserve	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2024	118,441	(3,739)	61,250	45,543	-	419,672	641,167	46,735	687,902
Other comprehensive income recognised for the period:									
Foreign currency translation	-	-	(4,869)	-	-	-	(4,869)	(441)	(5,310)
Profit for the period	-	-	-	-	-	30,053	30,053	3,373	33,426
Total comprehensive income for the period	-	-	(4,869)	-	-	30,053	25,184	2,932	28,116
Dividend - by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(2,211)	(2,211)
Balance at 31 March 2024	118,441	(3,739)	56,381	45,543	-	449,725	666,351	47,456	713,807

CORRESPONDING PERIOD CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2023

	<----- Non-distributable ----->					Distributable			
	Share capital	Treasury shares	Foreign currency translation reserve	Statutory reserve	Share grant plan reserve	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2023	118,441	(4,748)	39,624	33,862	4,184	357,105	548,468	39,454	587,922
Other comprehensive income recognised for the period:									
Foreign currency translation	-	-	3,525	-	-	-	3,525	199	3,724
Profit for the period	-	-	-	-	-	23,584	23,584	2,548	26,132
Total comprehensive income for the period	-	-	3,525	-	-	23,584	27,109	2,747	29,856
Balance at 31 March 2023	118,441	(4,748)	43,149	33,862	4,184	380,689	575,577	42,201	617,778

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 STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2024

(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Period To Date	Preceding Corresponding Period
	31 Mar 2024	31 Mar 2023
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	50,253	35,128
Adjustments for:		
Depreciation of property, plant and equipment	4,435	3,932
Depreciation of right-of-use assets	888	903
Interest expense	219	373
Unrealised (gain)/loss on foreign exchange	(2,708)	68
Interest income	(1,626)	(953)
Gains on lease termination	(1)	-
Gain on disposal of short-term investment	(44)	(173)
Fair value gain on short-term investments	(559)	(365)
Inventories written down	5	-
Operating profit before working capital changes	50,862	38,913
Inventories	(1,354)	1,201
Trade receivables	(5,097)	5,216
Other receivables, deposits and prepaid expenses	5,985	7,353
Trade payables	(4,197)	(5,091)
Other payables and accrued expenses	(3,026)	(4,351)
Cash generated from operations	43,173	43,241
Taxes paid	(5,310)	(2,035)
Net cash from operating activities	37,863	41,206
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	1,626	953
Purchase of property, plant and equipment	(7,435)	(3,506)
Proceeds from disposal of short-term investments	936	1,140
Net withdrawal/(placement) of fixed deposits with licensed banks	7,973	(40,421)
Net cash from/(for) investing activities	3,100	(41,834)

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	CUMULATIVE QUARTER	
	Current Period To Date	Preceding Corresponding Period
	31 Mar 2024	31 Mar 2023
	RM'000	RM'000
CASH FLOWS FOR FINANCING ACTIVITIES		
Interest paid	(219)	(373)
Dividend paid by subsidiaries to non-controlling interests	(4,411)	-
Repayment of bank borrowings	(8)	(18,270)
Payment of lease liabilities	(822)	(723)
Net cash for financing activities	(5,460)	(19,366)
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,503	(19,994)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	404,372	327,441
EFFECT OF EXCHANGE DIFFERENCES	(1,397)	1,866
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>438,478</u>	<u>309,313</u>
THE CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	330,370	295,898
Fixed deposits with licensed banks	56,770	54,986
Short-term investments - money market fund	55,868	11,090
	<u>443,008</u>	<u>361,974</u>
Less: Fixed deposits pledged with banks	(543)	(515)
Less: Fixed deposits with maturity more than 3 months	(3,987)	(52,146)
Cash and cash equivalents	<u>438,478</u>	<u>309,313</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 31 March 2023.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2024**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 2023.

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 2023.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2023 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2024. 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 2023 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 March 2024, the Company held 7,246,250 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 RM3,739,069.

A7. Dividends

During the financial period ended 31 March 2024, the Company declared the following dividend:

First single tier dividend on 22 February 2024, of 2.2 sen per ordinary share, payable on 13 May 2024, in respect of the financial year ended 31 December 2023 amounting to RM34,603,941.



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A8. Segmental information

The breakdown of the Group's revenue and results by geographical regions for the quarter ended 31 March 2024 are set out below. Revenue and results by geographical sales were based on the location of the Group's subsidiaries.

**Current Quarter
31 March 2024**

	<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 revenue	16,462	29,115	4,415	-	90,525	140,517
Inter-companies revenue	-	2,562	-	-	20	2,582
Total revenue	<u>16,462</u>	<u>31,677</u>	<u>4,415</u>	<u>-</u>	<u>90,545</u>	<u>143,099</u>
 <u>Segment Results</u>						
Operating profit	3,035	5,329	891	(108)	39,699	48,846
Interest income						1,626
Finance cost						(219)
Profit before taxation						<u>50,253</u>

**Current Year-to-date
31 March 2024**

<u>Segment Revenue</u>						
External revenue	16,462	29,115	4,415	-	90,525	140,517
Inter-companies revenue	-	2,562	-	-	20	2,582
Total revenue	<u>16,462</u>	<u>31,677</u>	<u>4,415</u>	<u>-</u>	<u>90,545</u>	<u>143,099</u>



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**Current Year-to-date
31 March 2024**

	<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	3,035	5,329	891	(108)	39,699	-	48,846
Interest income							1,626
Finance cost							(219)
Profit before taxation							<u>50,253</u>
<u>Assets</u>							
Non-current assets							
- Property, plant and equipment	20,213	21,556	1,508	654	193,279	-	237,210
- Right-of-use assets	6,802	4,012	2,035	789	21,551	-	35,189
- Deferred tax assets	-	-	15	-	1,315	-	1,330
- Goodwill	-	33,761	-	-	-	-	33,761
- Other receivables	-	-	-	-	971	-	971
Current assets	42,304	61,344	23,313	615	447,086	28,889	<u>603,551</u>
Consolidated total assets							<u><u>912,012</u></u>
<u>Liabilities</u>							
Tax liabilities	2,332	2,412	240	-	27,879	-	32,863
Segment liabilities	16,887	20,640	4,304	9,873	128,069	(14,431)	<u>165,342</u>
Consolidated total liabilities							<u><u>198,205</u></u>

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A9. Profit before tax

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

	Current Quarter 31 Mar 2024 RM'000	Current Year-to-date 31 Mar 2024 RM'000
Interest income	1,626	1,626
Fair value gain on short-term investments	559	559
Foreign exchange gain	2,980	2,980
Gain on disposal of short-term investments	66	66
Gain on lease termination	1	1
Depreciation of property, plant and equipment	(4,435)	(4,435)
Depreciation of right-of-use assets	(888)	(888)
Interest expense	(219)	(219)
Inventories written down	(5)	(5)

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 March 2024, 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 Mar 2024 RM'000
Cash at bank	330,308
Cash on hand	62
Fixed deposits with licensed banks	56,770
Short-term investments – money market fund	55,868
	<u>443,008</u>
Less: Fixed deposits pledged with banks	(543)
Less: Fixed deposits with maturity period more than 3 months	(3,987)
	<u>438,478</u>

A15. Significant related party transactions

	Current Quarter 31 Mar 2024 RM'000	Current Year-to-date 31 Mar 2024 RM'000
Sales to AMT	7	7
Sales to A&I	1	1
Purchase from TTM	1	1
Rental payable to AMT	36	36
Rental payable to a director of a subsidiary	30	30

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 Mar 2024 RM'000
Plant and equipment	<u>6,956</u>

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Analysis of performance

The Group's revenue for the current quarter ended 31 March 2024 increased by approximately 23% compared to the preceding year corresponding quarter mainly due to higher contributions from our subsidiaries in Taiwan, Malaysia and Singapore. Volume in the semi-conductor space picked up due to higher demand and strong orders from our customers which benefited our Taiwan subsidiary. At the same time, our Malaysia unit also experienced higher orders from various contracts for provision of manpower supply and also mechanical rotating equipment services.

Against the same period last year, the profit before tax ("PBT") for the Group increased by RM15.1 million (43.1%) mainly due to improved revenue and better profit margin resulting from the continual efforts to improve efficiency across the Group.

B2. Comparison with immediate preceding quarter

	1st Quarter 31 Mar 2024	4th Quarter 31 Dec 2023
	RM'000	RM'000
Revenue	140,517	131,487
Profit before tax	50,253	42,163
Profit after tax	33,426	33,253
Profit attributable to owners of the Company	30,053	29,707

The Group's revenue was 6.9% or approximately RM9.0 million higher sequentially mainly due to higher contributions from our subsidiaries in Taiwan and Malaysia.

The Group's PBT for the current quarter improved 19.2% as compared to the immediate preceding quarter mainly due to higher revenue and better product mix. It is also worthwhile to note that this is the first time that our traditionally weaker first quarter's results performed better than the usually stronger fourth quarter; both in revenue and bottom line.

B3. Prospects

The Semiconductor Industry Association (“SIA”) announced that the global semiconductor industry sales totaled US\$46.2 billion during the month of February 2024, an increase of 16.3% compared to the February 2023 total of US\$39.7 billion but a decrease of 3.1% from the January 2024 total of US\$47.6 billion. Although month-to-month sales were down slightly, global semiconductor sales in February remained well ahead of the total from the same month last year, a continuation of the strong year-to-year growth the market has experienced since the middle of last year. Sales in February increased on a year-to-year basis by the largest percentage since May 2022, and market growth is projected to persist during the remainder of the year.

To that end, we are cautiously optimistic of much better utilization of our second facility in Taiwan. The current quarter performance is delivering a good start for 2024 and we are hopeful that the growing trend will continue throughout the remainder of this year.

As for the oil and gas industry, we are very encouraged by the performance of our business units in this sector due to increased orders from the various contracts for provision of engineering services, manpower supply and also mechanical rotating equipment services and parts that we have with the oil majors.

Amidst the positive developments, the Group will continue to monitor the current geopolitical tension, interest rates and inflationary pressure. At the same time, we will remain focused on the quality of our services to our customers and efficiencies in our operation so as to maintain our competitiveness and leadership and to deliver long term value to our stakeholders.

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 Mar 2024 RM'000	Current Year-to-date 31 Mar 2024 RM'000
Income tax	13,429	13,429
Deferred tax	37	37
Withholding tax	3,361	3,361
	<u>16,827</u>	<u>16,827</u>

Excluding the withholding tax paid for the dividend received from our Taiwan subsidiary, the Group's effective tax rate for the period under review is higher than the statutory tax rate principally due to provision for surtax on undistributed earnings by our Taiwan subsidiary.

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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 March 2024 are as follows:

	As at 31 Mar 2024		As at 31 Mar 2023	
	Foreign currencies RM'000	RM'000	Foreign currencies RM'000	RM'000
<u>Short-term</u>				
Hire Purchase Payables				
- Ringgit Malaysia	-	33	-	31
Term Loan				
Singapore Dollar	-	-	1,661	1,661
		<u>33</u>		<u>1,692</u>
<u>Long-term</u>				
Hire Purchase Payables				
- Ringgit Malaysia	-	41	-	48
		<u>74</u>		<u>1,740</u>

The Group's borrowings are denominated in functional currency as at 31 March 2024. As at 31 March 2023, the Group's short-term loan of RM1,661,000 was denominated in Singapore Dollar.

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 2 May 2024.

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 weighted average number of ordinary shares in issue after deducting treasury shares.

	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)	30,053	23,584	30,053	23,584
Weighted average number of shares in issue ('000)	1,572,906	1,572,906	1,572,906	1,572,906
Basic EPS (sen)	<u>1.91</u>	<u>1.50</u>	<u>1.91</u>	<u>1.50</u>

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

No dividend was declared for the current quarter ended 31 March 2024.

This report has been approved by the Board of Directors on 2 May 2024.