THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your shares in Frontken Corporation Berhad ("**FCB**" or the "**Company**"), you should immediately hand this Abridged Prospectus together with the Notice of Provisional Allotment and Rights Subscription Form (collectively the "**Documents**") to the purchaser or transferee or agent through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. You should address all inquiries concerning the Rights Issue (as defined herein) to the Share Registrar of FCB, Tricor Investor Services Sdn Bhd (formerly known as Tenaga Koperat Sdn Bhd,) ("**Share Registrar**") Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The Documents are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue will not be made or offered or deemed to be made or offered, as such, in any countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. No action has been or will be taken to ensure that the Rights Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia. The Rights Issue to which this Abridged Prospectus relates is only available to persons receiving this Abridged Prospectus or otherwise within Malaysia. Accordingly, the Documents will not be despatched to the Entitled Shareholders (as defined herein) who do not have a registered address in Malaysia as stated in the Record of Depositors of FCB on the Entitlement Date (as defined herein), unless prior notification has been given to the Share Registrar. It shall be the sole responsibility of the Entitled Shareholders and/or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional adviser as to whether their acceptance or renunciation (as the case may be) of the provisional allotment of the Rights Shares (as defined herein) will result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renouncee(s) (if applicable) should also refer to Section 3 of this Abridged Prospectus for further information. Neither the Company nor AFFIN Investment Bank Berhad ("**AFFIN Investment**") shall accept any responsibility or liability in the event that any acceptance or sale/renunciation of the provisional allotment of Rights Shares (as defined herein) with Warrants (as defined herein) made by the Entitled Shareholders and/or their renouncee(s) (if applicable) shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholder and/or his renouncee (if applicable) is a resident.

A copy of this Abridged Prospectus has been registered with the Securities Commission of Malaysia ("**SC**"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of each of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for their contents.

Our shareholders have approved the Rights Issue at the Extraordinary General Meeting held on 22 January 2010. Bank Negara Malaysia had vide its letter dated 17 December 2009 approved the issuance of the Warrants to non-resident shareholders of FCB pursuant to the Rights Issue. Approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 23 December 2009 for the admission of the Warrants to the Official List and the listing of and quotation for the Rights Shares, Warrants and the new FCB Shares (as defined herein) to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities. The admission of the Warrants to the Official List and the listing of and quotation for the Rights Shares, Warrants and the new FCB Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities will commence after, amongst others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd that all the Central Depository System accounts of the Entitled Shareholders and/or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to the Entitled Shareholders and/or their renouncee(s) (if applicable). Admission of the Warrants to the Official List and the listing of and quotation for the Rights Shares, Warrants and the new FCB Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue.

The Documents have been seen and approved by our Board of Directors and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in the Documents false or misleading.

AFFIN Investment, being the Principal Adviser, Managing Underwriter and Underwriter for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

FRONTKEN

FRONTKEN CORPORATION BERHAD
(Company No: 651020-T)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 288,973,760 NEW ORDINARY SHARES OF RM0.10 EACH IN FCB ("FCB SHARES") ("RIGHTS SHARES") TOGETHER WITH UP TO 288,973,760 FREE NEW DETACHABLE WARRANTS ("WARRANTS") AT AN ISSUE PRICE OF RM0.11 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH TWO (2) WARRANTS FOR EVERY FIVE (5) EXISTING FCB SHARES HELD AT 5.00 P.M ON 11 FEBRUARY 2010

Principal Adviser, Managing Underwriter and Underwriter

AFFIN INVESTMENT BANK

AFFIN INVESTMENT BANK BERHAD (9999-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME

Entitlement date	: Thursday, 11 February 2010 at 5.00 p.m.
Last date and time for:-	
Sale of provisional allotment of rights	: Monday, 22 February 2010 at 2010 at 5.00 p.m.
Transfer of provisional allotment of rights	: Thursday, 25 February 2010 at 4.00 p.m.
Acceptance and payment	: Wednesday, 3 March 2010 at 5.00 p.m.*
Excess application and payment	: Wednesday, 3 March 2010 at 5.00 p.m.*

* or such later date and time as the Board of Directors may decide and announce not less than two (2) market days before the stipulated date and time

This Abridged Prospectus is dated 11 February 2010

BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE WARRANTS TO THE OFFICIAL LIST AND THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES, WARRANTS AND THE NEW FCB SHARES TO BE ISSUED PURSUANT TO THE EXERCISE OF THE WARRANTS ON THE MAIN MARKET OF BURSA SECURITIES AND THE APPROVAL OF BURSA SECURITIES SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE.

THE SC AND BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

SHAREHOLDERS/INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, SHAREHOLDERS/INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

ALL TERMS USED ARE AS DEFINED IN THE "DEFINITIONS" PAGE OF THIS ABRIDGED PROSPECTUS.

DEFINITIONS

The following definitions shall apply for the purpose of this Abridged Prospectus unless otherwise indicated:-

"Act"	:	Companies Act, 1965 as may be amended from time to time and any re-enactment thereof
"AFFIN Investment" or "Principal Adviser" or "Managing Underwriter" or "Underwriter"	:	AFFIN Investment Bank Berhad (9999-V), a Participating Organisation of Bursa Securities
"Board"	:	The Board of Directors of FCB
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"CDS"	:	Central Depository System
"CMSA"	:	Capital Markets and Services Act, 2007
"Deed Poll"	:	Deed poll dated 22 January 2010 constituting the Warrants
"FCB" or "Company"	:	Frontken Corporation Berhad (651020-T)
"FCB Group" or "Group"	:	FCB and its subsidiary companies, collectively
"FCB Share(s)" or "Share(s)"	:	Ordinary share(s) of RM0.10 each in FCB
"FM"	:	Frontken Malaysia Sdn Bhd (484763-V)
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"EGM"	:	Extraordinary General Meeting
"Entitlement Date"	:	11 February 2010 at 5.00 p.m., being the date and time on which the shareholders of the Company must be entered on the Record of Depositors of the Company in order to be entitled to the Rights Shares
"Entitled Shareholder(s)"	:	Shareholders of the Company whose names appear on the Record of Depositors of the Company as at the close of business on the Entitlement Date
"EPS"	:	Earnings per share
"Excess Application(s)"	:	Application for additional Rights Shares in excess of an Entitled Shareholder's entitlement under the Rights Issue as set out in Section 3.5 of this Abridged Prospectus
"Foreign Entitled Shareholder(s)"	:	Entitled Shareholder(s) and/or his/their renouncee(s) (if applicable) who are residing in any country or jurisdiction other than Malaysia
"FYE"	:	Financial year ended
"HK$"	:	Hong Kong Dollar
"LPD"	:	13 January 2010, being the latest practicable date prior to the printing of this Abridged Prospectus

DEFINITIONS *(Cont'd)*

"Market Day(s)"	:	A day or days on which Bursa Securities is open for trading of securities
"Maximum Scenario"	:	A scenario assuming the Rights Shares are fully taken up
"MI"	:	Minority interest
"Minimum Scenario"	:	A scenario assuming Minimum Subscription Level
"Minimum Subscription Level"	:	The minimum level of subscription for the Rights Issue of 193,805,273 Rights Shares together with 193,805,273 Warrants
"NA"	:	Net assets
"NPA"	:	Notice of Provisional Allotment in relation to the Rights Issue
"NTA"	:	Net tangible assets
"NT$"	:	New Taiwan Dollar
"PAT"	:	Profit after taxation
"PATMI"	:	Profit after taxation and minority interests
"PBT"	:	Profit before taxation
"PHP"	:	Philippines Peso
"Record of Depositors"	:	A record of securities holders established and maintained by Bursa Depository
"Register of Substantial Shareholders"	:	A register of persons who have an interest in ordinary shares of the Company, which in aggregate is not less than 5% of the entire issued ordinary share capital of the Company, established and maintained by the Company
"Registered Office"	:	Registered office of FCB bearing the address of Suite 1603, 16th Floor, Wisma Lim Foo Yong, 86 Jalan Raja Chulan, 50200 Kuala Lumpur
"Rights Issue"	:	Renounceable rights issue of up to 288,973,760 Rights Shares together with up to 288,973,760 Warrants at an issue price of RM0.11 per Rights Share on the basis of two (2) Rights Shares together with two (2) Warrants for every five (5) existing FCB Shares held on the Entitlement Date
"Rights Shares"	:	Up to 288,973,760 new FCB Shares to be issued pursuant to the Rights Issue
"RM"	:	Ringgit Malaysia
"RSF"	:	Rights Subscription Form in relation to the Rights Issue
"SC"	:	Securities Commission of Malaysia
"SGD"	:	Singapore Dollar
"Share Registrar"	:	Tricor Investor Services Sdn Bhd (formerly known as Tenaga Koperat Sdn Bhd) (118401-V)
"TERP"	:	Theoretical ex-rights price
"THB"	:	Thai Baht

"Undertaking"	:	Unconditional and irrevocable written undertaking by WHC dated 9 December 2009 to subscribe in full to his entitlement of 57,441,637 Rights Shares (with 57,441,637 Warrants attached thereto)
"Underwriting Agreement"		Underwriting Agreement dated 27 January 2010 relating to the Rights Issue, which details are set out as in Section 2.4 of this Abridged Prospectus
"USA"	:	United States of America
"USD"	:	United States Dollar
"WAMP"	:	Weighted average market price
"WHC"	:	Mr. Wong Hua Choon, a substantial shareholder of FCB with shareholdings of 143,604,092 FCB Shares representing 19.88% equity interest in FCB as at the LPD
"Warrants"	:	Up to 288,973,760 free new detachable warrants to be issued by FCB pursuant to the Rights Issue

All references to "we", "us", "our" and "ourselves" in this Abridged Prospectus are to our Company and, save where the context requires otherwise, our subsidiaries.

All references to "you" in this Abridged Prospectus are to the Entitled Shareholders of our Company.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neutral genders and vice versa. Reference to person shall include corporations.

Any references to any statute or statutory provision in this Abridged Prospectus are a reference to that statute or statutory provision as amended or re-enacted from time to time.

Any discrepancy in the tables between the amounts listed and the totals in the Abridged Prospectus are due to rounding.

Any references to a time of day or date in this Abridged Prospectus shall be a reference to Malaysian time or date respectively, unless otherwise stated.

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TABLE OF CONTENTS

TABLE OF CONTENTS

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name/Designation	Address	Age	Nationality	Profession
Wong Hua Choon *(Executive Chairman/Managing Director)*	No. 3A-11-8 Pantai Panorama Condominium Jalan 112H Off Jalan Kerinchi 59200 Kuala Lumpur	46	Malaysian	Company Director
Dr Tay Kiang Meng *(Executive Director/Chief Scientist)*	821C Upper East Coast Road Singapore 466613	46	Singaporean	Chief Scientist
Dato' Ibrahim bin Mahmud *(Non-Independent Non-Executive Director)*	No.9 Bong Chin Garden (Terrace) Off Rock Road 93200 Kuching Sarawak	66	Malaysian	Company Director
Dato' Haji Johar bin Murat @ Murad *(Independent Non-Executive Director)*	No. 6 Jalan AU5C/7A Lembah Keramat Ulu Klang 54200 Kuala Lumpur	62	Malaysian	Company Director
Ng Wai Pin *(Independent Non-Executive Director)*	3-1-1 Sri Kia Peng Condominium Jalan Changkat Kia Peng 50450 Kuala Lumpur	44	Malaysian	Company Director
Aaron Sim Kwee Lein *(Independent Non-Executive Director)*	1, Bolinda P1 Vermont 3133 Victoria, Australia	43	Malaysian	Accountant

AUDIT COMMITTEE

Name	Designation	Directorship
Ng Wai Pin	Chairman	Independent Non-Executive Director
Dato' Haji Johar bin Murat @ Murad	Member	Independent Non-Executive Director
Aaron Sim Kwee Lein	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (*cont'd*)

COMPANY SECRETARIES	:	Tai Keat Chai (MIA 1688) Lim Hooi Chin (MAICSA 7025949) Suite 1603, 16th Floor Wisma Lim Foo Yong 86 Jalan Raja Chulan 50200 Kuala Lumpur Tel: 03-2732 1377
REGISTERED OFFICE	:	Suite 1603, 16th Floor Wisma Lim Foo Yong 86 Jalan Raja Chulan 50200 Kuala Lumpur Tel: 03-2732 1377 Fax:03-2732 0338
BUSINESS ADDRESS	:	Suite 301, 3rd Floor Block F, Pusat Dagangan Phileo Damansara I No. 9, Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya Selangor Darul Ehsan Tel: 03-7968 3312 Fax:03-7968 3316 Website: www.frontken.com
AUDITORS OF FCB FOR THE FYE 31 DECEMBER 2008	:	Deloitte & Touche (AF0834) Level 19, Uptown 1, 1 Jalan SS21/58 Damansara Uptown 47400 Petaling Jaya Selangor Darul Ehsan Tel: 03-7723 6500
REPORTING ACCOUNTANTS FOR THE RIGHTS ISSUE	:	Crowe Horwath (AF1018) Level 16 Tower C Megan Avenue II 12 Jalan Yap Kwan Seng 50450 Kuala Lumpur Tel: 03-2166 0000
PRINCIPAL BANKERS	:	United Overseas Bank Limited (193500026Z) 80 Raffles Place UOB Plaza Singapore 048624 Tel: +65-6533 9898 OCBC Bank (Malaysia) Berhad (295400-W) Menara OCBC 18 Jalan Tun Perak 50050 Kuala Lumpur Tel: 03-2034 5034
SHARE REGISTRAR	:	Tricor Investor Services Sdn Bhd (118401-V) (formerly known as Tenaga Koperat Sdn Bhd) Level 17, The Gardens North Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel: 03-2264 3883

CORPORATE DIRECTORY *(cont'd)*

SOLICITORS FOR THE RIGHTS ISSUE	:	Cheang & Ariff 39 Court @ Loke Mansion 273A Jalan Medan Tuanku 50300 Kuala Lumpur Tel: 03-2691 0803
PRINCIPAL ADVISER, MANAGING UNDERWRITER AND UNDERWRITER FOR THE RIGHTS ISSUE	:	AFFIN Investment Bank Berhad (9999-V) 27th Floor, Menara Boustead 69, Jalan Raja Chulan 50200 Kuala Lumpur Tel : 03-2142 3700
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	Main Market of Bursa Securities

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Company No.: 651020-T

FRONTKEN CORPORATION BERHAD
(Company No: 651020-T)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

Suite 1603, 16th Floor
Wisma Lim Foo Yong
86 Jalan Raja Chulan
50200 Kuala Lumpur

11 February 2010

Board of Directors

Wong Hua Choon *(Executive Chairman/Managing Director)*
Dr Tay Kiang Meng *(Executive Director/Chief Scientist)*
Dato' Ibrahim bin Mahmud *(Non-Independent Non-Executive Director)*
Dato' Haji Johar bin Murat @ Murad *(Independent Non-Executive Director)*
Ng Wai Pin *(Independent Non-Executive Director)*
Aaron Sim Kwee Lein *(Independent Non-Executive Director)*

To: Our Entitled Shareholders

Dear Sir/ Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 288,973,760 RIGHTS SHARES TOGETHER WITH UP TO 288,973,760 WARRANTS AT AN ISSUE PRICE OF RM0.11 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH TWO (2) WARRANTS FOR EVERY FIVE (5) EXISTING FCB SHARES HELD AT 5.00PM ON 11 FEBRUARY 2010

1. INTRODUCTION

Our Board is pleased to inform you that, at the EGM on 22 January 2010, our shareholders approved the Rights Issue. A certified true extract of the minutes pertaining to the Rights Issue passed at the EGM is set out in Appendix I of this Abridged Prospectus.

On 17 December 2009, Bank Negara Malaysia granted its approval for the issuance of the Warrants to the non-resident shareholders of FCB pursuant to the Rights Issue.

On 23 December 2009, Bursa Securities granted its approval for admission of the Warrants to the Official List and the listing of and quotation for the Rights Shares, Warrants and the new FCB Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities subject to the following conditions:

Conditions imposed		Status of compliance
1.	FCB and AFFIN Investment must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Rights Issue.	To be met, where applicable
2.	FCB and AFFIN Investment to inform Bursa Securities upon the completion of the Rights Issue.	To be met

Conditions imposed		Status of compliance
3.	FCB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed.	To be met
4.	Payment of additional listing fees. In this respect FCB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be met
5.	AFFIN Investment to announce on a quarterly basis the status of the utilisation of the proceeds arising from the Rights Issue.	To be met

The official listing of and quotation for the Rights Shares and Warrants to be issued pursuant to the Rights Issue will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of the Entitled Shareholders and/ or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been issued and despatched to the Entitled Shareholders and/or their renouncee(s) (if applicable).

On 27 January 2010, AFFIN Investment, on behalf of our Board, announced that the Entitlement Date had been fixed on 11 February 2010.

As an Entitled Shareholder, you will find enclosed with this Abridged Prospectus the NPA in respect of the number of Rights Shares with Warrants which you are entitled to subscribe under the terms of the Rights Issue and the RSF. The provisionally allotted Rights Shares with Warrants will be duly credited into your CDS account. The Rights Shares with Warants that are not taken up for any reason, if any, will be made available for application under the Excess Application.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with or in relation to the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by FCB and/or AFFIN Investment. The delivery of this Abridged Prospectus shall under no circumstances constitute a representation or create any implication that there has been no material change in the affairs of FCB or any of its subsidiary companies since the date of this Abridged Prospectus.

Save for the Rights Issue, our Board has confirmed that as at LPD, the Company does not have any other corporate proposals which have been approved by the SC/Bursa Securities but are pending implementation.

2. DETAILS OF THE RIGHTS ISSUE

2.1 Particulars

The Company will provisionally allot up to 288,973,760 Rights Shares together with up to 288,973,760 Warrants for subscription by the Entitled Shareholders on a renounceable basis of two (2) Rights Shares together with two (2) Warrants for every five (5) existing FCB Shares held at 5.00 p.m. on the Entitlement Date, at an issue price of RM0.11 per Rights Share.

Our Board has determined that the Rights Issue will be undertaken based on the Minimum Subscription Level.

Entitled Shareholders can subscribe for/or renounce their rights entitlements to the Rights Shares with Warrants in full or in part. However, the Rights Shares and the Warrants cannot be renounced separately. Accordingly, the Entitled Shareholders who renounce their entitlements to the Rights Shares, partially or in full, will not be entitled to the Warrants attached to the Rights Shares renounced. Any unsubscribed Rights Shares with Warrants shall be offered to the other shareholders of FCB under excess Rights Shares with Warrants application.

In determining the shareholders' entitlements to the Rights Issue, fractional entitlements will be disregarded and dealt with in such manner that our Board, in its absolute discretion, thinks is expedient or is in the best interest of the Company.

In addition to taking up your respective entitlement for the Rights Shares with Warrants, you may also apply for excess Rights Shares with Warrants under the Excess Application. It is the intention of our Board to allot the excess Rights Shares with Warrants, if any, in the manner set out in Section 3.5 below.

Upon allotment and issuance by the Company, the Rights Shares with Warrants will be credited directly into the respective CDS accounts of the Entitled Shareholders and/or their renouncee(s) (if applicable). No physical share certificates will be issued to the Entitled Shareholders and/or their renouncee(s) (if applicable).

2.2 Basis of determining the issue price of the Rights Shares and the exercise price of the Warrants

The issue price of the Rights Shares has been fixed by our Board at RM0.11 each. The issue price of RM0.11 each represents a 38.9% discount to the TERP of RM0.18, based on the five (5)-day WAMP of FCB Shares up to and including 24 November 2009, being the latest practicable date prior to the date of the announcement of the Rights Issue, of RM0.21 per FCB Share.

For illustrative purposes, the issue price of RM0.11 per Rights Share represents a 50% discount to the TERP of RM0.22 based on the five (5)-day WAMP of FCB Shares up to and including the LPD of RM0.26 per FCB Share.

The issue price was determined after taking into consideration our Group's funding requirements, the par value and prevailing market price of FCB Shares, and a price deemed attractive by our Board to entice the shareholders to subscribe for the Rights Issue.

The exercise price of the Warrants has been fixed by our Board at RM0.18 each. The exercise price of RM0.18 per Warrant was arrived at after taking into consideration the TERP of FCB Shares of RM0.18 per FCB Share as computed above.

2.3 Ranking of the Rights Shares and new FCB Shares

The Rights Shares and the new FCB Shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing FCB Shares, except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, the entitlement date of which is on or before the date of allotment of the new FCB Shares.

2.4 Irrevocable written undertaking, Minimum Subscription Level and underwriting arrangement

Our Board has determined a minimum subscription level of 193,805,273 Rights Shares together with 193,805,273 Warrants in respect of the Rights Issue. The Minimum Subscription Level has been determined after taking into consideration, amongst others, the gearing position and the amount of funds required to meet the immediate funding requirements of the FCB Group.

WHC, a substantial shareholder of FCB with shareholdings of 143,604,092 FCB Shares representing 19.88% equity interest in FCB as at LPD, has via his letter dated 9 December 2009 provided an unconditional and irrevocable written undertaking to subscribe in full to his entitlement of 57,441,637 Rights Shares (with 57,441,637 Warrants attached thereto) which represents 19.88% of the total Rights Shares with Warrants available for subscription.

Pursuant to the Underwriting Agreement, the Underwriter had agreed to underwrite 136,363,636 Rights Shares together with 136,363,636 Warrants, which represents 47.19% of the total Rights Shares with Warrants available for subscription. ("Underwritten Portion").

The Undertaking together with the Underwritten Portion will constitute the Minimum Subscription Level. As such, there will not be any impact on the implementation of the Rights Issue should the subscription by the shareholders of the Company fall short of the Minimum Subscription Level.

The underwriting commission and managing underwriter's commission is 1.75% and 0.25% of the value of the underwritten Rights Shares with Warrants based on the issue price of RM0.11 per Rights Share, respectively.

Both the underwriting commission and managing underwriter's commission payable to the Underwriter and Managing Underwriter respectively will be fully borne by us.

2.5 Salient terms of the Warrants

The salient terms of the Warrants are set out below:

Issuer	:	FCB
Number of Warrants	:	Up to 288,973,760 Warrants to be issued pursuant to the Rights Issue to the Entitled Shareholders on the basis of one (1) Warrant for every Rights Share successfully subscribed.
Form	:	The Warrants which are issued with the Rights Shares, are immediately detached upon issuance and will be separately traded. The Warrants will be issued in registered form and constituted by the Deed Poll.
Exercise Price of the Warrants	:	The Exercise Price of the Warrants is fixed at RM0.18 per Warrant. The Exercise Price of the Warrants shall however be subject to the adjustments under certain circumstances in accordance with the provisions of the Deed Poll during the Exercise Period.
Exercise Period	:	The Warrants may be exercised at any time during the tenure of the Warrants of five (5) years including and commencing from the date of issuance of the Warrants and expiring at 5.00 p.m. on the day falling five (5) years commencing from and inclusive of the issue date and if such a day is not a market day, on the market day immediately preceding such a day. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.

Board Lot	:	The Warrants are tradable upon listing in board lots of one hundred (100) units carrying rights to subscribe for one hundred (100) new FCB Shares, or in such other denomination as Bursa Securities may approve from time to time, at any time during the Exercise Period.
Exercise Rights	:	Each Warrant entitles the registered holder to subscribe for one (1) new FCB Share at the Exercise Price of the Warrants at any time during the Exercise Period and shall be subject to the adjustments in accordance with the provisions of the Deed Poll.
Rights of Warrant holders	:	The Warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrant holders exercise their Warrants for new FCB Shares.
Adjustment in the Exercise Price of the Warrants and/ or the number of Warrants held by Warrant holders in the event of alteration to the share capital	:	Subject to the provisions of the Deed Poll, the Exercise Price of the Warrants and/or the number of Warrants held by each Warrant holder may from time to time be adjusted, calculated or determined by our Board in consultation with the approved investment bank and certified by the auditor appointed by the Company, in the event of alteration to the share capital of the Company in accordance with the provisions as set out in the Deed Poll.
Rights in the event of winding-up, amalgamation or reconstruction	:	Where a resolution has been passed for a members' voluntary winding-up of the Company or there is a compromise or arrangement, then - (a) for the purpose of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders, or some persons designated by them for such purposes by a special resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the Warrant holders; and (b) in any other case, every Warrant holder will be entitled to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights represented by that Warrant to the extent specified in the exercise forms and be entitled to receive out of the assets of the Company which would be available in liquidation if he had on such date been the holder of the new shares to which he would become entitled pursuant to such exercise and the liquidator of the Company will give effect to such election accordingly.
Transferability	:	The Warrants shall be transferable in the manner to be set out in the Deed Poll subject always to the provisions of the Security Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository and any appendices thereto.
Governing Law	:	Laws of Malaysia.

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS PROVISIONALLY ALLOTTED TO YOU, EXCESS APPLICATION FOR THE RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR RIGHTS ENTITLEMENTS, ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND/OR THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

THE NPA AND RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.

If you are an Entitled Shareholder, your CDS account will be duly credited with the number of provisionally allotted Rights Shares with Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such provisionally allotted Rights Shares with Warrants into your CDS account and the RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for excess Rights Shares with Warrants if you choose to do so.

The provisionally allotted Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the provisionally allotted Rights Shares with Warrants will be by book entries through CDS accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository. You and/or your renouncee(s) (if applicable) are required to have valid and subsisting CDS accounts when making your applications.

3.1 Procedures for full acceptance and payment

Acceptance and payment for the Rights Shares with Warrants provisionally allotted to the Entitled Shareholders must be made on the RSF enclosed with this Abridged Prospectus, which must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not strictly conform to the terms of this Abridged Prospectus, the NPA, RSF and/or the notes and instructions contained in these documents or which are illegible may be rejected at the absolute discretion of our Board.

You and/or your renouncee(s) (if applicable) accepting the provisionally allotted Rights Shares with Warrants are required to complete Parts I(a) and II of the RSF in accordance with the notes and instructions provided therein. Each completed RSF together with the relevant remittance must be submitted using the reply envelope provided by **ORDINARY POST** or **DELIVERED BY HAND** at your own risk to the Share Registrar at the following address:-

Tricor Investors Services Sdn Bhd
(formerly known as Tenaga Koperat Sdn Bhd)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: +603-2264 3883
Fax: +603-2282 1886

so as to arrive not later than 5.00 p.m. on Wednesday, 3 March 2010, being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by our Board.

One (1) RSF can only be used for acceptance of the provisionally allotted Rights Shares with Warrants standing to the credit of one (1) CDS account. If you have more than one (1) CDS account credited with the provisionally allotted Rights Shares with Warrants, separate RSF must be used for the acceptance of the provisionally allotted Rights Shares with Warrants standing to the credit of each CDS account. If successful, Rights Shares with Warrants subscribed by you and/or your renouncee(s) (if applicable) will be credited into the respective CDS accounts in which the provisionally allotted Rights Shares with Warrants were standing to the credit as at the last date and time for acceptance and payment.

You and/or your renouncee(s) (if applicable) should take note that a trading board lot for the Rights Shares with Warrants will comprise 100 Rights Shares and 100 Warrants each respectively. Successful applicants of the Rights Shares will be given free attached Warrants on the basis of one (1) Warrant for every one (1) Rights Share successfully subscribed for. The minimum number of Rights Shares that can be subscribed for or accepted, or the minimum excess Rights Shares which can be applied for, is two (2) Rights Shares, which will be accompanied with two (2) Warrants.

If acceptance and payment for the Rights Shares with Warrants provisionally allotted to you is not received by the Share Registrar by 5.00 p.m. on Wednesday, 3 March 2010, being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by our Board not less than two (2) Market Days before the stipulated date and time, such provisional allotment of Rights Shares with Warrants will be deemed to have been declined and will be made available for Excess Application.

Provisionally allotted Rights Shares with Warrants or the remainder thereof (as the case may be) not taken up will be allotted to the applicants applying for excess Rights Shares with Warrants and subsequently to the Underwriters subject to the the terms and conditions set out in the Underwriting Agreement ("Underwriting"). Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. Our Board reserves the right not to accept or to accept in part only any application without providing any reasons thereof. Any provisionally allotted Rights Shares with Warrants that have not been allotted pursuant to the Excess Application and the Underwriting will be cancelled.

If you and/or your renouncee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you and/ or your renouncee(s) (if applicable) may obtain additional copies from your stockbrokers, Bursa Securities' website (www.bursamalaysia.com), the Share Registrar at the address stated above or the Registered Office.

A reply envelope is enclosed in this Abridged Prospectus. In order to facilitate the processing of the RSF by the Share Registrar, you are advised to use one reply envelope for each completed RSF.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia crossed **"A/C PAYEE ONLY"** and made payable to **"FCB RIGHTS ISSUE ACCOUNT"** and endorsed on the reverse side with the name, address and CDS account number of the applicant in block letters, which must be received by the Share Registrar by the stipulated last date and time for acceptance and payment. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment are not acceptable.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY THE COMPANY OR THE SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THEM AT THEIR OWN RISK TO THE ADDRESSES SHOWN IN THE RECORD OF DEPOSITORS WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS OR SUCH OTHER DATE AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICANTS SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH THE SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS AT THE APPLICANT'S OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

3.2 Procedures for part acceptance

You and/or your renouncee(s) (if applicable) can accept part of your provisionally allotted Rights Shares with Warrants. The minimum number of Rights Shares with Warrants that can be subscribed for or accepted is two (2) Rights Shares which will be accompanied with two (2) Warrants.

You and/or your renouncee(s) (if applicable) have to complete both Part I(a) of the RSF by specifying the number of the Rights Shares with Warrants which you and/or your renouncee(s) (if applicable) are accepting and Part II of the RSF and deliver the completed RSF together with the relevant payment to the Share Registrar in the manner set out in Section 3.1 of this Abridged Prospectus.

The portions of the provisional allotment of Rights Shares with Warrants that have not been accepted shall be allotted to any other persons allowed under any laws, regulations or rules to accept the transfer of the provisional allotment of the Rights Shares with Warrants and the balance, if any, will be allotted to applicants applying for the excess Rights Shares with Warrants.

3.3 Procedures for sale/transfer of provisional allotment of Rights Shares with Warrants

As the provisional allotment of the Rights Shares with Warrants are prescribed securities, you and/or your renouncee(s) (if applicable) who wish to sell/transfer all or part of your provisionally allotted Rights Shares with Warrants to one (1) or more than one (1) person(s) may do so immediately through your stockbrokers without first having to request for a split of the provisionally allotted Rights Shares with Warrants standing to the credit of your CDS account. To dispose of all or part of your provisionally allotted Rights Shares with Warrants, you may sell such provisionally allotted Rights Shares with Warrants in the open market of Bursa Securities for the period up to the last day and time for sale of the provisionally allotted Rights Shares with Warrants (in accordance with the rules of Bursa Depository) or transfer to such persons as may be allowed pursuant to the rules of Bursa Depository for the period up to the last day and time for transfer of the provisionally allotted Rights Shares with Warrants (in accordance with the rules of Bursa Depository).

In selling/transferring all or part of your provisionally allotted Rights Shares with Warrants, you and/or your renouncee(s) (if applicable) need not deliver any document including the RSF, to any stockbroker. However, you and/or your renouncee(s) (if applicable) must ensure that there is sufficient provisionally allotted Rights Shares with Warrants standing to the credit of your CDS account that are available for settlement of the sale or transfer.

If you and/or your renouncee(s) (if applicable) have sold or transferred only part of your provisionally allotted Rights Shares with Warrants, you may still accept the balance of the provisionally allotted Rights Shares with Warrants by completing Parts I(a) and II of the RSF in the manner set out in Section 3.2 of this Abridged Prospectus.

Purchasers or transferees of the provisionally allotted Rights Shares with Warrants may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers, Bursa Securities' website (www.bursamalaysia.com), the Share Registrar at the address stated in Section 3.1 above or the Registered Office.

3.4 Procedures for acceptance by renouncees

Renouncees who wish to accept the provisionally allotted Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers, Bursa Securities' website (www.bursamalaysia.com), Share Registrar at the address stated in Section 3.1 above or the Registered Office, complete the RSF and submit the same together with the remittance in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 3.1 of this Abridged Prospectus also applies to renouncees who wish to accept the provisionally allotted Rights Shares.

RENOUNCEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF CAREFULLY.

3.5 Procedures for Excess Application

You and/or your renouncee(s) (if applicable) who have accepted the provisionally allotted Rights Shares with Warrants may apply for excess Rights Shares with Warrants by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forwarding it (together with a separate remittance for the full amount payable in respect of the excess Rights Shares with Warrants applied for) to the Share Registrar at the address set out in Section 3.1 above, so as to arrive not later than 5.00 p.m. on Wednesday, 3 March 2010 being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by our Board.

Payment for the excess Rights Shares with Warrants applied should be made in the same manner described in Section 3.1 of this Abridged Prospectus, except that the Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) shall be drawn on a bank or post office in Malaysia crossed **"A/C PAYEE ONLY"** and made payable to **"FCB EXCESS RIGHTS ACCOUNT"** and endorsed on the reverse side with the name, address and CDS account number of the applicant in block letters which must be received by the Share Registrar by the stipulated last date and time for acceptance and payment. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment are not acceptable.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

Our Board reserves the right to allot any excess Rights Shares with Warrants applied for under Part I(b) of the RSF in a fair and equitable manner as they deem fit and expedient in the best interest of the Company. As such, it is the intention of our Board to allot the excess Rights Shares with Warrants in the following priority:-

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to applicants who have applied for excess Rights Shares with Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date; and

(iii) in the event that there are still unsubscribed Rights Shares with Warrants after allocating all the excess Rights Shares with Warrants applied for, such unsubscribed Rights Shares with Warrants will be subscribed by the Underwriter subject to the terms and conditions set out in the Underwriting Agreement.

Our Board would also consider, on a fair and equitable basis, other factors including the level of acceptances, cost effectiveness and timeliness in finalising the allocation to meet the Bursa Securities' timeline, during the allocation process.

Our Board also reserves the right to accept any Excess Applications, in full or in part, without assigning any reason.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY THE COMPANY OR THE SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESSES SHOWN IN THE RECORD OF DEPOSITORS WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS OR SUCH OTHER DATE AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICANTS SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH THE SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

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IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND DESPATCHED TO THE APPLICANTS WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESSES SHOWN IN THE RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.

3.6 Form of issuance

Bursa Securities has already prescribed the securities of FCB listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the rules of Bursa Depository shall apply in respect of the dealings in the said securities. Failure to comply with the specific instructions or inaccuracy in the CDS account number may result in the application being rejected.

No physical share or Warrant certificates will be issued to successful applicants under the Rights Issue. Instead, the Rights Shares with Warrants will be credited directly into their CDS accounts. Within eight (8) Market Days from the last date for acceptance and payment for the Rights Shares, notices of allotment will be issued and forwarded by ordinary post to the successful applicants at their own risk at the addresses shown in the Record of Depositors.

Any person who intends to subscribe for the Rights Shares with Warrants as a renouncee by purchasing the provisional allotment of Rights Shares with Warrants from an Entitled Shareholder will have his/her Rights Shares with Warrants credited directly as prescribed securities into his/her CDS account.

The excess Rights Shares with Warrants, if allotted to the successful applicant who has applied for excess Rights Shares with Warrants, will be credited directly as prescribed securities into his/her CDS account.

3.7 Laws of foreign jurisdictions

This Abridged Prospectus, the NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdictions and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdictions. The Rights Issue will not be made or offered in any foreign jurisdictions.

Foreign Entitled Shareholders may only accept or renounce (as the case may be) all or any part of their provisional allotments of Rights Shares with Warrants, apply for excess Rights Shares with Warrants and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so.

AFFIN Investment, FCB and its Directors and officers and other experts and advisers ("**Parties**") would not, in connection with the Rights Issue, be in breach of the laws of any jurisdictions to which the Foreign Entitled Shareholders are or may be subject to. Foreign Entitled Shareholders shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject. The Parties shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Entitled Shareholder is or shall become unlawful, unenforceable, voidable or void in any foreign jurisdictions. Foreign Entitled Shareholders should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue, make any renouncement, apply for any excess Rights Shares with Warrants or make any payment in relation thereto.

Accordingly, this Abridged Prospectus together with the NPA and RSF will not be sent to the Entitled Shareholders who do not have a registered address in Malaysia. However, you and/or your renouncee(s) (if applicable) may collect this Abridged Prospectus together with the NPA and RSF from the Share Registrar, in which event the Share Registrar shall be entitled to request for such evidence as they deem necessary to satisfy themselves as to the identity and authority of the person collecting the aforesaid documents.

Foreign Entitled Shareholders will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and FCB shall be entitled to be fully indemnified and held harmless by such applicants for any issue, transfer or other taxes or duties as such person may be required to pay. The Foreign Entitled Shareholders will have no claim whatsoever against the Parties (or any of them) in respect of their rights and entitlements under the Rights Issue.

By signing any of the forms accompanying this Abridged Prospectus, the NPA and RSF, the Entitled Shareholders and/or their renouncee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) each of the Parties that:-

(i) the Company would not, by acting on the application, acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdictions to which that Entitled Shareholders and/or their renouncee(s) (if applicable) are or may be subject;

(ii) they have complied with the laws to which they are or may be subject to in connection with the application, acceptance or renunciation;

(iii) they are not a nominee or agent of a person in respect of whom the Company would, by acting on the application, acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) they are aware that the Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) they have respectively received a copy of this Abridged Prospectus together with the NPA and RSF and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of the Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Warrants;

(vi) they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, are, will be able to, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants; and

(vii) they are accepting the Rights Shares with Warrants for their own accounts and on their own free will.

Persons receiving this Abridged Prospectus, the NPA and/or the RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send them into any jurisdictions where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, the NPA and/or the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer or make any application unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, the NPA and/or the RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Section and FCB reserves the right to reject a purported acceptance of the Rights Shares with Warrants and/or any application for excess Rights Shares with Warrants from or by any such Entitled Shareholders and/or their renouncees (if applicable).

FCB reserves the right, in its absolute discretion, to treat any acceptance of the Rights Shares with Warrants and/or any application for excess Rights Shares with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

4. RATIONALE FOR THE RIGHTS ISSUE AND UTILISATION OF PROCEEDS

The Rights Issue would enable the Company to raise the requisite funding of up to approximately RM31.79 million without having to incur interest costs or service principal repayment. This will allow our Group to conserve its cash flow for reinvestment and / or operational purposes. Proceeds from the Rights Issue will be utilised to, amongst others, pare down the bank borrowings of the FCB Group which is expected to result in interest savings of approximately RM0.8 million per annum for the FCB Group.

The Rights Issue will strengthen the balance sheet of the FCB Group by increasing its shareholders' funds and reducing its gearing level. With an improved gearing position, the FCB Group would have the flexibility to further expand its operations by raising financing as and when attractive opportunities arise.

Further, the Rights Issue provides the shareholders of the Company with an opportunity to increase their equity participation in the Company in terms of an increase in the number of FCB Shares at an attractive discount to the market price.

The Warrants that are attached to the Rights Shares will also provide shareholders of FCB with the option to further participate in the equity of the Company. Any exercise of the Warrants will further strengthen FCB Group's capital base and provide it with additional cash inflow. Assuming all the Warrants are fully exercised by the end of the five (5)-year tenure, FCB will potentially raise up to approximately RM52.02 million in cash proceeds. Proceeds from the exercise of the Warrants may also be used as possible funding for future investments, working capital requirements and capital expenditure should the need arise.

Based on the issue price of RM0.11 per Rights Share, the Rights Issue will raise gross proceeds of up to RM31.79 million, which will be utilised in the following manner:

	Minimum Scenario RM'000	**Maximum Scenario RM'000**	**Estimated time frame for utilisation of proceeds**
Repayment of Group's borrowings[(1)]	15,000	15,000	Within one (1) year from date of listing of Rights Shares
To finance future investments[(2)]	3,000	8,000	Within two (2) years from date of listing of Rights Shares
Working capital[(3)]	2,319	7,787	Within one (1) year from date of listing of Rights Shares
Defraying estimated expenses[(4)]	[(5)]1,000	[(5)]1,000	Within two (2) months from date of listing of Rights Shares
Total	[(6)]21,319	31,787	

Notes:

(1) *The proposed repayment of Group's borrowings of RM15 million would result in an interest savings of approximately RM0.8 million per annum based on interest rates ranging from 2.2% to 6.5% per annum. The details are as follows:*

Type of facilities	***Outstanding as at 31 January 2010 (RM'000)***	***Proposed repayment amount (RM'000)***	***Current effective interest rates per annum (%)***	***Estimated interest expense per annum (RM'000)***
Term loan and short term borrowings	*42,900*	*15,000*	*2.2% -6.5%*	*800*

The specific borrowings to be repaid have yet to be determined as at the date of this Abridged Prospectus as our Group is still in discussions with the banks

(2) *In line with our Group's strategy to be a leading advanced materials and surface metamorphosis solutions provider in Southeast Asia, sustain continuous growth and maximise shareholders' value, our Group is continuously exploring and evaluating viable investment opportunities both locally and globally to enhance its competitiveness and broaden its capabilities in its core competencies. The proceeds from the Rights Issue will provide our Group with immediate available funds to fund future investment opportunities expeditiously. As at the date of this Abridged Prospectus, the Company has yet to identify any investment opportunities. Such investment opportunities, when materialised, will be announced to Bursa Securities and if required, be subject to approval by the relevant authorities and/or shareholders. Pending the utilisation of such proceeds, the monies will be placed in fixed deposits with financial institutions and/or short-term money market investments*

(3) *To support the continued growth of our Group, the proceeds for working capital requirements shall be utilised to fund general working capital, operating and administrative requirements and capital expenditure*

(4) *The estimated expenses include amongst others, professional fees, fees payable for the relevant authorities and other miscellaneous expenses*

(5) *Any differences in the actual expenses relating to the Rights Issue shall be adjusted against the portion of the proceeds allocated for the working capital requirements of our Group*

(6) *Any additional proceeds raised from the Rights Issue above the proceeds under the Minimum Scenario will be allocated to fund future investment opportunities and/or for working capital requirements of our Group*

The maximum proceeds arising from the future exercise of the Warrants, assuming the Warrants are fully exercised, will be RM52.02 million and will be utilised as possible funding for future investments, capital expenditure and/or working capital requirements of our Group. The breakdown for the utilisation of the proceeds has yet to be determined as at the date of this Abridged Prospectus.

5. RISK FACTORS

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue. You should note that these risk factors are not exhaustive. There may be additional risk factors, which are not disclosed below, that are not presently known to us or that we currently deem to be less significant, which may materially and adversely affect our business, financial condition, results of operations and prospects.

5.1 Risks relating to our Group

(i) Business risks

Our Group is principally involved in a diverse range of engineering services which support a vast range of industries ranging from semiconductor, oil and gas, power generation and other industries including aerospace, marine, steel, cement, wood processing, pulp and paper and industrial manufacturing primarily in Malaysia and Singapore.

Our Group is exposed to general business risks which are inherent in the business that our Group undertakes which include downturn in the global, regional and national economy, entry of new players, shortages in skilled workforce and increase in labour costs, changes in law and tax legislation, changes in credit conditions and fluctuations in foreign exchange rates.

Further, the financial performance of our Group could be materially and adversely affected as a result of any adverse changes in the political situations, general economy as well as business and credit conditions in the countries above and or other countries in which our Group has business links, directly or indirectly.

Our Group seeks to limit these business risks through, inter alia, prudent management policies, constant upgrading on latest technology advancements, continuous research and development, maintaining good business relationship with its customers, principals and suppliers, training and retention of skilled labour, increasing its range of products and services and expansion of its clientele base in both the local and overseas markets.

However, there is no absolute assurance that any change in any of these factors will not have a material adverse effect on our Group's business.

(ii) Competition

Our Group faces competition from both regional and global markets who may expand their business to emulate the same range of products and services as FCB or from new players entering the same industries as our Group. Our Group also faces possibility of increased competition from existing smaller players who might decide to form strategic partnerships with established foreign players that have greater technical and financial resources.

The risk, is to a certain extent, mitigated through the following:

(a) our Group has established reputation and foundation of more than ten years to deliver quality, prompt and reliable services to our customers in the surface metamorphosis technology industry;

(b) our Group possesses comprehensive in-house start-to-finish surface metamorphosis engineering capabilities to re-design, re-engineer, re-manufacture and refurbish critical equipment. The diverse engineering capability enables our Group to provide integrated one-stop end-to-end services to our customers; and

(c) our Group possesses the requisite technical expertise and engineering capability with its proven work processes in surface engineering and mechanical engineering work coupled with its technological collaboration with global specialists, such as Lam Research, Kriya Materials B.V., Cincinnati Thermal Spray, Inc and Tocalo Co. Ltd ("Tocalo"), which enables our Group to provide effective total solutions.

(iii) Risk relating to semiconductor and oil and gas industries

Our Group's business activities support a vast range of industries, with oil and gas and semiconductor contributing approximately 37% and 33% respectively to our Group's revenue for the latest FYE 31 December 2008. As such, our Group is exposed to general risk as well as certain risk inherent in the oil and gas and semiconductor industries.

The performance of the oil and gas industry is somewhat dependent on the fluctuations in global oil prices which may be affected by factors such as the threat of wars, interruption from major oil producing countries, price and production pressures from cartels and significant drop in demand. An extended period of poor oil and gas prices may discourage exploration or lead to deferment or curtailment of capital expenditure by companies operating in the oil and gas industry, which in turn may affect the demand for our Group's thermal spray coating, precision cleaning and engineering repair and refurbishment services.

In the semiconductor sector, our Group provides services to the front-end semiconductor manufacturing (wafer fabrication), storage media manufacturing, flat panel display manufacturing, organic light-emitting diode and renewable energy industries. The semiconductor industry (in particular, the front-end semiconductor manufacturing sector) is cyclical and has historically experienced periodic downturns. This cycle is influenced by consumer spending, capital expenditure plan of semiconductor companies, and the cycle time required to add new manufacturing facilities to their operations. Any downturn in the semiconductor industry would adversely affect the utilisation rates of production equipment, which in turn, would reduce the demand for thermal spray coating and precision cleaning services and hence affect our Group's financial performance.

Our Group seeks to minimise the risk of dependence on any particular industry for our earnings by continuing to invest in Research and Development ("R&D") activities to enhance our existing service offerings to a broad spectrum of industries and /or develop new applications for use in different markets, as well as differentiate our services from those of competitors to meet performance specifications, drive efficiencies and reduce costs. Where appropriate, our Group will explore opportunities to expand into related or new markets or industries to broaden our revenue and earnings base.

(iv) Technological advances

As in any technology based industry, surface metamorphosis technology using thermal spray processes and a series of complementary processes faces the risk of technological stagnation and / or obsolescence. Other new coating technologies may emerge in the future that could potentially provide an alternative to thermal spray coating in today's applications.

Our Group pursues a market-creation approach to R&D by identifying emerging technology trends and developing innovative solutions which we believe will add value to our customers. Our Group also pursues a market-oriented approach to technology development and conducts R&D in areas where the applications are commercially viable. Our R&D activities are supplemented by strategic alliance with leading global specialist to rapidly translate new ideas into successful service offerings. The results of these R&D activities help our Group to create a competitive advantage and provide a platform for us to grow our business.

Currently, our Group keeps abreast of the latest technology via technology alliance with Tocalo, which based on the Directors' knowledge, it is one of the world's largest independent thermal spray coating service providers in terms of sales volume. Additionally, our Group has technology collaboration with Lam Research, a major supplier of wafer fabrication equipment and services to the global semiconductor industry.

(v) Foreign exchange risk

Our Group currently operates in Malaysia, Singapore, the Philippines, Indonesia Taiwan, China and Thailand. Based on our latest audited financial statements for the FYE 31 December 2008, 45.5% of our Group's revenue was derived from customers located in Singapore. As such, the performance of our Group would be subject to the performance of the SGD relative to the RM and any fluctuation in SGD may have an effect on the profitability of our Group.

The fluctuation of the SGD relative to the RM to a certain extent, is mitigated through matching SGD denominated sales and purchases by our Group's Singapore-based subsidiary. Although our Group does not have a formal hedging policy with respect to its foreign exchange exposure, it will continue to monitor its exposure to foreign exchange fluctuation and will consider hedging any material foreign exchange exposure if deemed necessary.

FCB is also subject to translation risks as its consolidated financial statements are denominated in RM while the financial statements of its foreign subsidiaries are prepared in their respective functional currencies. As such any material fluctuations in foreign exchange rates will result in translation gains or losses on consolidation.

However, there is no assurance that any foreign currency exchange fluctuations in the future will not adversely affect our Group's financial performance.

(vi) Risk relating to availability and prices of consumables and sub-contractors

Consumables

The main consumables of our Group comprise mainly thermal coating powders, wires and rods. Our Group sources its consumables from both local and overseas suppliers. Hence, our business may be subject to our ability to obtain sufficient quantity of quality materials at acceptable prices in a timely manner.

While our Group is not dependent on any single supplier, any serious and prolonged shortage of such consumables may lead to loss of business opportunities, which may adversely affect our Group's financial performance and inhibit the expansion of our business. The prices of consumables are also susceptible to fluctuation affected by supply and demand conditions.

Our Group seeks to minimise its exposure to shortage of consumables and price fluctuation through the purchase of consumables from a pool of suppliers, both locally and overseas, who have established track record and are able to provide constant supply promptly at competitive price. In the event that our Group is unable to source its consumables from our main suppliers, we will have other readily available alternate suppliers to meet our material requirements. In the event of cost fluctuations, our Directors believe that our Group is able to address such cost increases by adjusting its selling price.

Sub-contractors

Our Group from time to time, outsource certain supporting job functions, such as machining of parts, to sub-contractors so as to focus on our core competencies. For the FYE 31 December 2008, sub-contractor costs made up 7% of our Group's total cost of sales.

Sub-contractors have played and will continue to play a key role in our Group's operations. Although our Group has in place established procedures for selecting reliable sub-contractors with proven track records, it is possible that one or more of these providers / sub-contractors could fail to perform as we expect or that their costs could escalate, which could have an adverse impact on our Group's business.

Our Group seeks to mitigate this risk by implementing a system to select, assess and control its sub-contractors. Our Group's sub-contractors are subject to a qualification process prior to selection to evaluate their ability to meet requirements, including service and delivery reliability, quality and pricing. Once they are qualified, sub-contractors are subject to evaluation process to track and improve their performance. Any single quality or reliability incident by the sub-contractors may result in subsequent disqualification.

(vii) Risk relating to hazards and risk of business disruptions

As part of our operations, we are involved in the handling and storage of hazardous chemicals which could be flammable. In the event of a fire breakout, our Group's operations may be disrupted or otherwise adversely affected.

To address the abovementioned risk, we have established a safety policy in handling and storing all flammable items in our plants and implemented safety measures at each level of operation that are adhered to by our employees. We also install fire fighting detection system in all our plants.

Our Group also has insurance coverage to cover, amongst others, losses arising from fire breakout and loss of profits, for our equipment and premises. Although we believe that we have maintained an adequate level of insurance coverage, no assurance can be given that such coverage will be adequate and available to cover any claims arising therefrom. In addition, there could still be a risk of material adverse disruption to our operation as a result of the cost of rebuilding or replacing a new plant or equipment.

Our Group had experienced two (2) fire incidents in two (2) of our plants in 2007, resulting in losses of approximately RM10.72 million and RM0.40 million for the FYE 31 December 2007 and 31 December 2008 respectively. The incidents had strengthened our ability to respond to, cope with and recover from emergency situations to minimise impact on our business operations. Our Group has since taken appropriate counter measures, such as strengthening safety management systems and functions, to enhance our emergency preparedness and prevent recurrence of similar incidents in the future.

(viii) Protection of intellectual property rights

Our Group owns patents on certain core technologies that it has developed and to a certain extent, is dependent on the protection of the intellectual property rights. Accordingly, there may be a material and adverse impact on Group's business, operating results and financial conditions if our Group is unable to continue protecting our intellectual property rights against infringement, or unauthorised third-party copying, use or exploitation.

In order to protect our intellectual property rights, our Group has applied for registration of selective patents in Singapore. This will allow our Group to initiate legal proceedings against parties deemed to have infringed upon our Group's proprietary rights. Further, the technology used by our Group is restricted to and retained by our key personnel to avoid leakage of confidential information which will affect the competitiveness of our Group. Persons who have access to these information are required to sign confidentiality and non-disclosure agreements whereby they are forbidden from disclosing confidential information to third parties.

(ix) Borrowings

Our Group's borrowings as at 31 January 2010 stood at RM69.4 million. The borrowings were mainly related to term loans obtained for capital expenditure financing and bank facilities for working capital financing. Out of the total borrowings, RM46.8 million are on floating interest rates. As such, any unfavourable change in the prevailing interest rates may adversely affect the cashflow of our Group and increase our Group's interest costs.

The credit facilities of our Group may also subject to periodic review by the banks or other financial institutions which may contain, inter alia, certain covenants restricting the operating, financial and/or other activities of FCB and/or its subsidiaries from doing or allowing certain acts. A breach of such covenants may give rise to rights by the bank or financiers to terminate the relevant credit facilities and/or enforce any securities granted in relation to those banking and/or financing facilities.

Our Board acknowledges such covenants and shall undertake appropriate measures to mitigate the risk of such termination and/or enforcement arising from a breach or non-compliance of such covenants.

(x) Risk associated with any foreign operations

As at LPD, our Group has eight (8) subsidiaries and three (3) associated companies incorporated and operating overseas. The establishment/acquisition of these entities, as well as any future investment opportunities are primarily to penetrate new geographical markets and industry segments, and increase market visibility and presence so as to enhance competitiveness.

Such foreign operations could give rise to certain business risk, which would not be apparent should our Group only maintain domestic operations. Some of these risks include, but are not limited to, currency fluctuations, trade restriction as a result of conflict of laws, which may lead to legal uncertainties and time delays associated with tariffs, procurement of business and export licenses and other restrictions and regulatory requirements of different countries.

There is no assurance that any adverse developments or changes in these factors would not have an adverse impact on our Group's ability to compete in international markets.

(xi) Dependence on key and skilled personnel

The past performance of our Group, to a certain extent, depends on the expertise and experience of our existing Directors, senior management and skilled personnel. As part of our succession plan, continuous effort is being made to groom the younger members of the management team to ensure a smooth transition in the management team and investing in its workforce through work orientation programs, on-the-job training and cross training in the various processes. In addition, our Group has good relationship with our management and enjoys support from our staff. Hence, the effect of the loss of any of our Group's Directors or key management team is likely to be mitigated.

(xii) Environmental risks

Our Group's operations in Malaysia and Singapore are subject to certain environmental legislation and regulations imposed by Malaysia's Department of Environment and Singapore's Ministry of Environment and Water Resources respectively. Our plants in Singapore are also subject to regular inspection by the National Environment Agency in Singapore. Non-compliance with the relevant environmental legislation may result in penalties and fines or revocation of our Group's business licenses.

We believe that our Group's existing operations are in general compliance with the present environmental laws and regulations. However, there is no guarantee that such laws and regulations will not be amended by the Government in the future, in light of the increasing importance of environmental awareness in Malaysia, Singapore and around the world. This may lead to our Group incurring additional expenses to modify its manufacturing processes and facilities, which may in turn affect the operations and financial performance of our Group.

5.2 Market price of FCB Shares

The market price of FCB Shares on Bursa Securities is dependent on, amongst others, prevailing stock market sentiment, the volatility of the stock market, interest rates, future profitability of our Group and the industry in which our Group operates. Subsequent to the Rights Issue, the market price of FCB Shares will be adjusted to take into account the additional number of shares issued. There is no assurance that the market price of FCB Shares will be maintained at any particular level subsequent to the Rights Issue.

5.3 Delay in or cancellation of the Rights Issue

The Rights Issue is exposed to the risk that it may be aborted or delayed on the occurrence of, amongst others, any one or more of the following events:

(1) any force majeure events or circumstances which are beyond the control of the Company, arising prior to the implementation of the Rights Issue;

(2) our Company not being able to meet the public spread requirement of at least 100 holders of Warrants holding not less than one (1) board lot of the Warrants comprising 100 Warrants each; and

(3) should the Underwriter exercise its rights under the Underwriting Agreement to discharge itself from its obligations thereunder on the occurrence of any of the termination events as set out in the Underwriting Agreement.

Nevertheless, our Company would endeavour to ensure the successful implementation of the Rights Issue. In the event the Rights Issue is aborted, the Company will repay without interest all monies received from the applicants in accordance with Section 243 of the CMSA.

As a consequence of the Rights Issue, the market price of our Shares as quoted on Bursa Securities will be adjusted based on an ex-entitlement basis. The market price of our Shares will not be adjusted to cum-entitlement basis in the event that our Company does not proceed with the Rights Issue after the shares became ex.

5.4 No prior market for the Warrants

The Rights Shares will be issued and subsequently listed on the Main Market of Bursa Securities while the Warrants, which will be given free for the Rights Shares subscribed, will be admitted to the Official List of Bursa Securities and listed on the Main Market of Bursa Securities.

As there is no prior market for the Warrants, there is no assurance that an active market for the Warrants will develop upon their listing, or if developed that such a market will be sustained. The price at which the Warrants will trade on Bursa Securities upon or subsequent to their listing is dependent upon market forces, which are beyond our control.

5.5 Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of the future results and others are forward-looking in nature which are subject to uncertainties and contingencies.

All forward-looking statements are based on estimates and assumptions made by our Board and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

Such factors include, inter alia, general economic and business conditions, competition, impact of new laws and regulations affecting our Group and the industry, changes in interest rates and changes in foreign exchange rates. In light of these uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by FCB or its Principal Adviser that the plans and objectives of our Group will be achieved.

6. INDUSTRY REVIEW AND FUTURE PROSPECTS

The FCB Group's core expertise lies in the application of thermal spray coatings, a series of specialised surface engineering solutions and improvements of coatings quality for specific industrial applications through materials research and modification of micro structural surface properties. Such surface metamorphosis technology modifies and creates new surface materials with improved performance and unique properties, which help to increase the efficiency of many processes, and in turn reduce the costs of operating and maintaining equipment. An overview of the semiconductor, oil and gas and power generation industries which collectively contributed more than 82% to our Group's revenue for the latest FYE 31 December 2008 are set out in Sections 6.3, 6.4, and 6.5 respectively below. An overview of the other industries is not disclosed in view that the contribution from each of the industries to our Group's revenue is not significant.

Our Group currently operates in Malaysia, Singapore, the Philippines, Indonesia, Taiwan, China and Thailand. Malaysia and Singapore are the main contributors to the Group. For the FYE 31 December 2008, Malaysia and Singapore collectively, contributed more than 90% to our Group's revenue. An overview of the economy in Philippines, Indonesia, Taiwan, China and Thailand is not disclosed in view that the respective contribution from these countries to our Group's revenue is not significant.

The percentage of revenue contribution by different geographic segments based on the last audited consolidated financial statements of FCB for the FYE 31 December 2008 and the unaudited financial statements of FCB for the nine (9) months period ended 30 September 2009 are as follows:

	Audited FYE 31.12.2008		**Unaudited nine (9) months period ended 30.9.2009**	
Countries	**Revenue RM'000**	**% of revenue**	**Revenue RM'000**	**% of revenue**
Malaysia	61,293	46.95	41,449	40.24
Singapore	59,409	45.51	58,588	56.88
Philippines	9,851*	7.54	2,902	2.82
China	-*	-	71	0.06
Total	130,553	100.00	103,010	100.00

Note:

* *There is no contribution to our Group's revenue from Indonesia, Taiwan and China for the FYE 31 December 2008 as the subsidiaries in Indonesia and China only commenced operations in 2009 and investment in Taiwan is a holding of an associate company*

6.1 Overview and future prospects of the Malaysian economy

The Malaysian economy registered an improvement in third quarter with a reduced contraction of 1.2% (second quarter 2009: -3.9%) amidst positive growth in domestic demand and stabilisation of external demand. The growth impetus emanated mainly from domestic demand as a result of stronger private consumption and higher public sector spending. Meanwhile, improvements in the global economy, particularly the regional economies, helped to stabilise the external sector. On the supply side, all economic sectors, except agriculture, recorded improved performance.

Domestic demand registered a positive growth of 0.4% in the third quarter (second quarter 2009: -2.2%), led by expansion in private consumption and stronger public sector spending. Private consumption increased by 1.5% in the third quarter (second quarter 2009: 0.5%), as improved conditions in the labour market and lower price levels provided support to consumer spending. In addition, various promotions held during the festive season also encouraged household spending. The third quarter Malaysian Institute of Economic Research Consumer Sentiments Index remained above the 100-point threshold (105.4 points; second quarter 2009: 105.8 points), indicating that consumers' confidence continued to be positive.

The recovery in private consumption spending was reflected in improvements recorded by major consumption indicators such as passenger car sales, bank lending to households and credit card spending. Meanwhile, public consumption continued to expand, recording a growth of 10.9% in the third quarter due to higher expenditure on emoluments.

(Source: Developments in the Malaysian Economy in the Third Quarter of 2009, Bank Negara Malaysia)

The economy is expected to benefit from stabilising global economic conditions, augmented by fiscal measures and accommodative monetary policy. Gross Domestic Product growth is forecast to turn around to 2.0%-3.0% in 2010 (2009: -3.0%) driven by domestic demand, particularly the private expenditure and supported by expected recovery in external demand. The broad based recovery with positive contribution from all sectors in the economy is expected to raise nominal per capita Gross National Product by 2.5% to RM24,661 (2009: -6.7%;RM24,055). In terms of purchasing power parity, per capita income is expected to increase 2.7% to USD13,177 (2009: -14.7%;USD12,826).

Value added of the manufacturing sector is expected to rebound 1.7% (2009 -12.1%). Export-oriented industries are expected to benefit from the recovery of global trade, while domestic-oriented industries expand in line with better consumer sentiment and business confidence. The electrical and electronics ("E&E") industry is anticipated to turn around driven by the higher demand for electronic equipment and parts as well as semiconductors.

(Source: Economic Report 2009/2010, Ministry of Finance Malaysia)

6.2 Overview and future prospects of Singapore economy

Preliminary estimates show that the Singapore economy grew by 0.6% on a year-on-year basis in the third quarter of 2009, compared to a contraction of 3.3% in the second quarter. On a seasonally adjusted annualised quarter-on-quarter basis, the economy expanded by 14.2% in the third quarter of 2009, following growth of 21.7% in the second quarter, with all major sectors registering positive growth.

Singapore's economic outlook for 2010 will be closely linked to global conditions. Asia is likely to continue to post positive growth rates, driven by domestic consumption and intra-regional trade flows. However, the recovery in the advanced economies remains fragile, and the return towards pre-crisis levels of output is likely to be gradual. Growth momentum thus far has been driven by targeted fiscal stimulus measures and inventory cycle adjustments, but these factors are likely to taper off in the second half of 2010. Even though there are some initial signs of a recovery in private demand, the durability of the recovery remains uncertain. Ministry of Trade and Industry expects Singapore's economic growth in 2010 to be 3.0% to 5.0%.

(Source: Press release dated 19 November 2009 by the Ministry of Trade and Industry, Singapore)

6.3 Overview and future prospects of the semiconductor industry

In the export oriented industries, production of E&E products as a group contracted significantly by 30.3% in January to August 2009 (January-August 2008:4.3%) due to lower production of semiconductor devices, office, accounting and computing machinery as well as audio visual and communication apparatus. Production of semiconductor devices including electronic transistors and integrated circuits declined 28.7% in January to August 2009 (January – August 2008:-4.4%) following weak consumer spending on electronics gadget globally. Production of office, accounting and computing machinery plunged 37.8% in January to August 2009 (January-August 2008:9.2%). However signs of improvement in global electronics sales emerged in the second quarter 2009. According to Semiconductor Equipment and Materials International ("SEMI"), the book-to-bill ratio recorded monthly sequential increase since February 2009 to 1.06 in July 2009. This encouraging outlook was further reinforced by higher global chip sales, which increased 5.0% to USD19.1 billion in August 2009 (July 2009:USD18.2 billion) on a month-on-month basis.

This was attributed by modest recovery in demand for consumer products such as netbook computers and cell phones. In addition, the USA economic recovery package, which requires sizeable usage of electronics components for infrastructure development such as Smart Grid and health information technology is expected to boost global demand of electronics products. Similarly, stimulus package implemented by the Chinese Government, particularly the subsidy to purchase consumer electronics will further boost global electronics demand. These developments are expected to augur well for Malaysian E&E industry.

(Source: Economic Report 2009/2010, Ministry of Finance Malaysia)

The electronics products industry will continue to be the main subsector for industrial growth and innovation during the Ninth Malaysia Plan ("Plan") period with its value added expected to grow at an average annual rate of 7.7%. The global shift towards extensive application of electronics is expected to continue unabated across all industries and services and especially with new developments in the Information and Communication Technology industries. This will be particularly significant in areas of automation, miniaturisation, digitisation and in various multimedia applications. While the contribution of multi national companies in the E&E industry will remain significant, local investments as well as technological capabilities in existing and new E&E activities will be further enhanced. These will leverage on developments within the cybercities of Bayan Lepas, Pulau Pinang and Kulim Hi-Tech Park in Kedah.

(Source: Ninth Malaysia Plan 2006-2010)

6.4 Overview and future prospects of oil and gas industry

Encouraged by stronger-than-expected oil consumption in the US, China and India, the International Energy Agency raised its forecast on global oil demand by 500,000 barrels per day ("bpd") to 84.4 million bpd in 2009. The price of West Texas Intermediate, which plummeted to a five-year low of USD31.41 per barrel ("pb") in December 2008, has since recovered to average USD69.44 pb in September 2009.

As at LPD, the price of West Texas Intermediate had increased to USD79.65 pb.

(Source: Economic Report 2009/2010, Ministry of Finance Malaysia and Bloomberg)

To ensure a sustainable supply of oil and gas, appraisal wells will continue to be drilled in small oil fields offshore as well as deepwater areas, especially in Sabah and Sarawak. Continuous efforts will also be undertaken to attract international oil companies to invest in exploration activities, particularly in deepwater of more than 200 metres and ultra-deepwater of more than one kilometre to increase domestic petroleum reserves. In addition, collaboration with production sharing contractors will continue to be undertaken to identify opportunities to maximise reserves recovery. During the Plan period, the crude oil production level is expected to average 695,000 barrel per day.

Petroliam Nasional Berhad ("Petronas") will continue to review its international upstream and downstream operations to meet the challenges in the global oil market. Efforts will also be undertaken to secure more reserves and increase production from its offshore investments as well as to expand its downstream operations.

(Source: Ninth Malaysia Plan 2006-2010)

6.5 Overview and future prospects of the power generation industry

The International Energy Outlook 2009 projects that total world consumption of marketed energy will increase by 44% from 2006 to 2030. The largest projected increase in energy demand is for the non-Organisation for Economic Cooperation and Development members ("OECD") economies. Total world energy use in 2030 is about 2% lower than projected in the International Energy Outlook 2008, largely as the result of a slower overall rate of economic growth in this year's reference case. Non-OECD Asia shows the most robust growth of all the non-OECD regions, with energy use rising by 104% from 2006 to 2030.

(Source: International Energy Outlook 2009 dated 27 May 2009 by Energy Information Administration, Official Energy Statistics from the US Government)

The development and utilisation of Renewable Energy ("RE") will be further intensified in the Plan period. Towards this end, efforts will be continued to foster a more conducive environment to support the implementation of Small Renewable Energy Power Programme projects.

New sources of energy such as solar and wind will be developed with emphasis on utilising cost-effective technology as well as strengthening capacity building. In this regard, efforts will be undertaken to coordinate Research & Development activities of the various energy-related research centres. In addition, activities under the roadmap on solar, hydrogen and fuel cells such as technology development and knowledge sharing will be implemented while financing mechanisms will be explored. Initiatives to enhance local capabilities in the development of indigenous RE-based technologies as new sources of growth will also be supported.

(Source: Ninth Malaysia Plan 2006-2010)

6.6 Future prospects of FCB Group

The management of FCB is of the view that the prospects and outlook for the surface metamorphosis technology industry in Southeast Asia remain promising and relatively underdeveloped in Southeast Asia. Insofar as the directors are aware, there is no company in Singapore or Malaysia which provides a full range of surface metamorphosis services similar to the FCB Group. The Directors believe that over the last few years, our Group has evolved from a major independent thermal spray coating service provider to a global total surface solutions provider with comprehensive capabilities and emerging technologies. With FCB Group's capabilities and positive prospect of the surface metamorphosis technology industry in Southeast Asia, the Directors are of the view that there remain tremendous opportunities in the region which the FCB Group can tap on.

Continued expansion and investment in capital expenditure in the semiconductor sector, rising exploration and production related capital expenditure in oil and gas industry across the region, and increase in energy demand augur well for the FCB Group, as this will increase the demand for FCB Group's surface metamorphosis services, which will remain a necessary expenditure for the respective industries under any economic cycle.

As global competition becomes more apparent, original equipment manufacturers ("OEM") are creating competitive advantages by focusing on their core business and outsourcing many of the component fabrication and cleaning/coating functions to external specialists, such as the FCB Group, who are able to provide more flexibility, efficiency and cost-effective solutions, thus helping the OEMs to achieve economies of scale with large volumes handled. The percentage of our Group's revenue derived from OEM manufacturers' outsourcing activities is not available, as the said revenue is not separately classified. Given our Group's engineering capability and track record in developing new technology coupled with its technological collaborations with global specialists, the Directors believe that the global outsourcing trend today provides increasing opportunities, and bodes well, for our Group.

The Rights Issue would enable the Company to raise funds to reduce bank borrowings and finance future investments which is expected to strengthen the financial performance of our Group.

(Source: Management of FCB)

7. FINANCIAL EFFECTS

The effects of the Rights Issue are illustrated below:-

7.1 Share capital

The proforma effects of the Rights Issue on the share capital of FCB as at LPD are as set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares '000	Share capital RM'000	No. of Shares '000	Share capital RM'000
As at LPD	722,434	72,243	722,434	72,243
To be issued pursuant to the Rights Issue	193,805	19,381	288,974	28,898
After the Rights Issue	916,239	91,624	1,011,408	101,141
Assuming full exercise of the Warrants	193,805	19,380	288,974	28,897
Enlarged issued and paid-up share capital	1,110,044	111,004	1,300,382	130,038

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7.2 NA and gearing

The proforma effects of the Rights Issue on the consolidated NA and gearing of FCB Group based on the audited consolidated financial statements of the FCB for the FYE 31 December 2008 are as follow:

Minimum Scenario

	Audited as at 31.12.2008 RM'000	(I) After Private Placement[1] RM'000	(II) After (I) and Rights Issue RM'000	After (II) and assuming full exercise of the Warrants[2] RM'000
Share capital	69,977	72,243	91,624	111,004
Share premium	5,935	8,098	9,536[3]	38,107[5]
Warrant reserve	-	-	13,066[3][4]	-
Foreign currency translation reserve	2,745	2,745	2,745	2,745
Retained profits	43,010	43,010	29,444[4]	29,444
Attributable to equity holders of the Company/NA	121,667	126,096	146,415	181,300
Number of ordinary shares in issue ('000)	699,770	722,434	916,239	1,110,044
NA per share (RM)	0.17	0.17	0.16	0.16
Total borrowings	75,287	75,287	60,287[6]	60,287
Gearing ratio[7] (times)	0.62	0.60	0.41	0.33

Notes:

[1] *On 2 April 2007, FCB announced a private placement of 47,500,000 ordinary shares of RM0.10 each in FCB ("Private Placement"). The Private Placement was placed out to identified investors in four (4) tranches, at an issue price of RM0.76 per share, RM0.50 per share, RM0.18 per share and RM0.21 per share for the first, second, third and fourth tranche respectively. The first tranche and second tranche were already completed as at 31 December 2008. The third tranche and the fourth tranche were completed on 20 March 2009 and 28 July 2009 respectively*

[2] *Based on the exercise price of the Warrants of RM0.18 per Warrant, being the TERP based on the five (5)-day WAMP up to and including 24 November 2009, being the latest practicable date prior to the date of the announcement of the Rights Issue*

[3] *After deducting estimated expenses of RM500,000 in relation to the Rights Issue whereby the total estimated expenses of RM1 million are allocated equally between share premium and warrant reserve*

[4] *Based on the theoretical fair value of the Warrants of RM0.07 per Warrant which is arrived at based on trinomial valuation model and the following assumptions:*

Exercise type	*American*
Tenure	*5 years*
5-days WAMP price of FCB Shares as at 24 November 2009	*RM0.21*
Conversion price	*RM0.18*
Volatility rate	*38.55%*
Period of volatility assessment	*Last 90 market days to 24 November 2009*

The same amount is correspondingly debited to the Company's retained profits

The actual quantum of warrant reserve will only be determined upon issuance of the Warrants. As such, the actual quantum may differ from the amount computed above

(5) *The warrant reserve of RM13.066 million is reversed and credited to the share premium account upon full exercise of the Warrants*

(6) *After repayment of borrowings of RM15 million*

(7) *Total borrowings/NA*

Maximum Scenario

	Audited as at 31.12. 2008 RM'000	(I) After Private Placement[1] RM'000	(II) After (I) and Rights Issue RM'000	After (II) and assuming full exercise of the Warrants[2] RM'000
Share capital	69,977	72,243	101,141	130,038
Share premium	5,935	8,098	10,487[3]	53,333[5]
Warrant reserve	-	-	19,728[3][4]	-
Foreign currency translation reserve	2,745	2,745	2,745	2,745
Retained profits	43,010	43,010	22,782[4]	22,782
Attributable to equity holders of the Company/NA	121,667	126,096	156,883	208,898
Number of ordinary shares in issue ('000)	699,770	722,434	1,011,408	1,300,382
NA per share (RM)	0.17	0.17	0.16	0.16
Total borrowings	75,287	75,287	60,287[6]	60,287
Gearing ratio[7] (times)	0.62	0.60	0.38	0.29

Notes:

(1) *On 2 April 2007, FCB announced the Private Placement. The Private Placement was placed out to identified investors in four (4) tranches, at an issue price of RM0.76 per share, RM0.50 per share, RM0.18 per share and RM0.21 per share for the first, second, third and fourth tranche respectively. The first tranche and second tranche were already completed as at 31 December 2008. The third tranche and the fourth tranche were completed on 20 March 2009 and 28 July 2009 respectively*

(2) *Based on the exercise price of the Warrants of RM0.18 per Warrant, being the TERP based on the five (5)-day WAMP up to and including 24 November 2009, being the latest practicable date prior to the date of the announcement of the Rights Issue*

(3) *After deducting estimated expenses of RM500,000 in relation to the Rights Issue whereby the total estimated expenses of RM1 million are allocated equally between share premium and warrant reserve*

(4) *Based on the theoretical fair value of the Warrants of RM0.07 per Warrant which is arrived at based on trinomial valuation model and the following assumptions:*

Exercise type	*American*
Tenure	*5 years*
5-days WAMP price of FCB Shares as at 24 November 2009	*RM0.21*
Conversion price	*RM0.18*
Volatility rate	*38.55%*
Period of volatility assessment	*Last 90 market days to 24 November 2009*

The same amount is correspondingly debited to the Company's retained profits

The actual quantum of warrant reserve will only be determined upon completion of the Warrants. As such, the actual quantum may differ from the amount computed above

[(5)] *The warrant reserve of RM19.728 million is reversed and credited to the share premium account upon full exercise of the Warrants*

[(6)] *After repayment of borrowings of RM15 million*

[(7)] *Total borrowings/NA*

Please refer to the proforma consolidated balance sheets of FCB based on the audited consolidated financial statements as at 31 December 2008 together with the letter from the Reporting Accountants thereon as set out in Appendix III of this Abridged Prospectus.

7.3 Earnings

The Rights Issue is not expected to have any material effect on the consolidated earnings and EPS of FCB for the FYE 31 December 2009 as it is only expected to be completed in the first quarter of 2010.

However, the EPS of the FCB Group is expected to be correspondingly diluted as a result of the increase in the number of new FCB Shares to be issued pursuant to the Rights Issue and upon the exercise of the Warrants. Nevertheless, the Rights Issue is expected to contribute positively to the future earnings of FCB Group when the benefits of the utilisation of proceeds are realised.

8. WORKING CAPITAL, BORROWINGS, MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

8.1 Working capital

Our Board is of the opinion that, after taking into account the funds to be generated from its operations, our Group's cash flow position, the banking facilities currently available to our Group and the amount to be raised from the Rights Issue, our Group will have sufficient working capital to meet its requirement for a period of twelve (12) months from the date of issue of this Abridged Prospectus.

8.2 Borrowings

As at 31 January 2010, the total outstanding borrowings of our Group amounted to approximately RM69.4 million, all of which are interest bearing, the details of which are as follows:-

Type of borrowings	Amount outstanding	
	Fixed rate RM'000	Floating rate RM'000
Short term borrowings	8,431	22,517
Long term borrowings	14,199	24,278
Total	22,630	46,795
Effective interest rates per annum	2.3%-6.5%	2.2%-6.5%

Note:

The above figures have not been audited

As at 31 January 2010, our Group does not have any non-interest bearing borrowings or foreign currency denominated borrowings, other than as disclosed below:

(i) term loan, overdraft and hire purchase of approximately RM53.3 million (equivalent to approximately SGD21.9 million based on the exchange rate of RM2.4299 to SGD1.00 as at 31 January 2010) which is denominated in SGD.

(ii) term loan of approximately RM1.5 million (equivalent to approximately NT$14 million based on the exchange rate of RM0.1068 to NT$1.00 as at 31 January 2010) which is denominated in NT$.

There has been no default on payments of either interest and/or principal sums in respect of any of the borrowings throughout the past one (1) financial year ended 31 December 2009 and the subsequent financial period thereof immediately preceding the LPD.

8.3 Material commitments and contingent liabilities

The material commitments and contingent liabilities of FCB as at LPD are as follows:-

(a) Material commitments for capital expenditure

Save as disclosed below, as at LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group that has not been provided for, which upon becoming enforceable, may have a material impact on the financial result/position of our Group:

	RM'000
Authorised but not contracted for:	-
Authorised and contracted for:	
Factory improvement	96
Acquisition of machinery and equipment#	5,049
Acquisition of Chinyee Engineering & Machinery Pte Ltd ("Chinyee")	*2,252
	7,397

The above material commitments were financed by our Group through internally generated funds and borrowings.

Notes:

\# *This comprises mainly purchase of Computer Numerical Controlled lathe machine for enhancing and supporting existing service capabilities, and enterprise resource planning system for improved financial reporting and management.*

* *Based on the actual balance purchase price for the acquisition of Chinyee as announced by FCB on 19 January 2010 of SGD936,000 (equivalent to approximately RM2,252,000 based on the exchange rate of SGD1.00:RM2.4056 as at 18 January 2010).*

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(b) Contingent liabilities

Save as disclosed below, as at LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial position of our Group.

	RM'000
Guarantee by FM, a wholly-owned subsidiary of FCB in favour of Malaysia LNG Sdn Bhd ("MLNG"), a third party, for the due and complete performance of a project by Frontken BumiMaju Sdn Bhd ("FBM"), an associated company of FM	2,477

Note:

The project involves the inspection, repair and refurbishment of sea cooling water pumps, and FM, being the corporate shareholder of FBM, had been requested to provide a guarantee to ensure timely and complete performance of the project, without which FBM would not be eligible to participate in the project. The guarantee does not warrant immediate cash payout unless there is a default by FBM pursuant to the project. To mitigate any risk relating to failure by FBM to perform its obligations under the project, a wholly-owned subsidiary of FM is involved in the implementation of the project, thereby providing our Group with a revenue stream. The project, which commenced in September 2009, is expected to be completed in March 2010.

9. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants pursuant to the Rights Issue is governed by the terms and conditions set out in this Abridged Prospectus, the NPA and RSF.

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Company No.: 651020-T

10. FURTHER INFORMATION

Please refer to the attached Appendices for further information.

Yours faithfully
For and on behalf of the Board of Directors
FRONTKEN CORPORATION BERHAD

WONG HUA CHOON
Executive Chairman/Managing Director

CERTIFIED TRUE EXTRACT OF MINUTES IN RESPECT OF THE RIGHTS ISSUE PASSED AT THE EGM OF FCB HELD ON 22 JANUARY 2010

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 288,973,760 NEW ORDINARY SHARES OF RM0.10 EACH IN FCB ("FCB SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.11 PER RIGHTS SHARE TOGETHER WITH UP TO 288,973,760 FREE NEW DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH TWO (2) WARRANTS FOR EVERY FIVE (5) EXISTING FCB SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE")

FRONTKEN CORPORATION BERHAD
(651020-T)
(Incorporated in Malaysia)

CERTIFIED TRUE EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD ON 22 JANUARY 2010

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 288,973,760 NEW ORDINARY SHARES OF RM0.10 EACH IN FCB ("FCB SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.11 PER RIGHTS SHARE TOGETHER WITH UP TO 288,973,760 FREE NEW DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH TWO (2) WARRANTS FOR EVERY FIVE (5) EXISTING FCB SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE")

It was RESOLVED:

"**THAT**, subject to the passing of the Ordinary Resolution 2 and the Special Resolution below mentioned, and all approvals being obtained from the relevant authorities, approval be and is hereby given to the Board of Directors of FCB ("Board") to:

(i) provisionally allot by way of a renounceable rights issue of up to 288,973,760 new FCB Shares together with up to 288,973,760 Warrants on the basis of two (2) Rights Shares together with two (2) Warrants for every five (5) existing FCB Shares held to the persons who are entered on the Record of Depositors of the Company established and maintained by Bursa Malaysia Depository Sdn Bhd as at the close of business on an entitlement date to be determined later including to any person entitled on renunciation of a provisional allotment, at an issue price of RM0.11 per Rights Share and on such other terms and conditions as the Directors may determine, for such purpose and proposed utilisation of proceeds as disclosed in section 2.1.5 of the Circular to the shareholders of the Company dated 31 December 2009 or such other utilisation as the Board may deem fit in the best interest of the Company;

(ii) such Rights Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing FCB Shares except that they will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, the entitlement date of which is on or before the date of allotment of the Rights Shares;

(iii) allot and issue such further Warrants as may be required or permitted to be issued as a consequence of the adjustments under the provisions in the Deed Poll to be executed by the Company constituting the Warrants ("Deed Poll");

FRONTKEN CORPORATION BERHAD
(651020-T)
(Incorporated in Malaysia)

(iv) allot and issue such appropriate number of new Shares, credited as fully paid-up, to holders of the Warrants arising from the exercise of the Warrants (which shall be in accordance with the provisions in the Deed Poll) to subscribe for new Shares, including such appropriate number of new Shares arising from the exercise of subscription rights represented by such further Warrants referred to in paragraph (iii) above, AND THAT each Warrant shall entitle its holder to subscribe for one (1) new FCB Share at an exercise price of RM0.18 per FCB Share (or such exercise price as may be determined under the provisions in the Deed Poll in consequence of any adjustment), AND FURTHER THAT any FCB Shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing FCB Shares, except that they will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, the entitlement date of which is on or before the date of allotment of the new FCB Shares;

(v) deal with any Rights Shares not accepted by any entitled shareholder, including any person entitled on renunciation of a provisional allotment, in such manner as the Board in its absolute discretion deems fit and expedient; and

(vi) do such acts and things as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any condition, modification, variation and/or amendment as may be required, or imposed by the relevant authorities, and to take all steps as may be required to give full effect to the Proposed Rights Issue, including to enter into and execute the Deed Poll and to deal with any fractional entitlements of the Rights Shares with Warrants."

CERTIFIED TRUE BY:

WONG HUA CHOON
Director

LIM HOOI CHIN
(MAICSA 7025949)
Secretary

Company No.: 651020-T

APPENDIX II

INFORMATION ON FCB

1. HISTORY AND BUSINESS

The Company was incorporated in Malaysia as Frontken Corporation Berhad, a public limited company under the Act on 29 April 2004. FCB was listed on the MESDAQ Market on 11 July 2006 and transferred to the Main Market of the Bursa Securities on 18 November 2008.

The Company is principally engaged in investment holding and the provision of management services to the subsidiaries. The principal activities of its subsidiaries include provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works, investment holding and provision of management services; electroplating and plating of metals and formed products; cleaning of specialised equipment for semiconductor devices, integrated circuits and components and research and development of semiconductor cleaning technology and procurement of materials, equipment, consumable parts and engineering services.

2. SHARE CAPITAL AND MOVEMENTS IN SHARE CAPITAL

The authorised and issued and fully paid-up ordinary share capital of FCB as at LPD are as follows:-

Type	No. of Shares	Par value RM	Amount RM
Authorised share capital	1,000,000,000	0.10	100,000,000
Issued and paid-up share capital	722,434,400	0.10	72,243,440

The changes in the authorised share capital of FCB since its date of incorporation up to LPD are as follows:-

Date of creation	No. of ordinary Shares created	Par value (RM)	Total authorised share capital (RM)
29.4.2004	100,000	1.00	100,000
8.3.2006	1,000,000	0.10	100,000
8.3.2006	499,000,000	0.10	50,000,000
6.2.2007	500,000,000	0.10	100,000,000

The changes in the issued and paid-up share capital of FCB since its date of incorporation up to LPD are as follows:-

Date of allotment	No. of ordinary Shares	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
29.4.2004	2	1.00	Subscribers' shares	2
8.3.2006	20	0.10	Sub-division of the par value of the ordinary shares in FCB from RM1.00 to RM0.10 per ordinary share	2
31.3.2006	291,232,780	0.10	Shares issued pursuant to the acquisition by FCB of the entire equity interest in Frontken (Singapore) Pte Ltd for a purchase consideration of RM29,123,278 which was fully satisfied by the issuance of 291,232,780 new FCB Shares ("Acquisition")	29,123,280
18.4.2006	65,017,200	0.10	Shares issued pursuant to the renounceable rights issue of 65,017,200 new FCB Shares on the basis of approximately 2.23 new FCB Shares for every 10 existing FCB Shares held after the Acquisition	35,625,000
5.7.2006	118,750,000	0.10	Shares issued pursuant to public issue of 118,750,000 new ordinary shares of RM0.10 each at an issue price of RM0.21 per share payable in full on application	47,500,000
27.7.2007	19,736,000	0.10	Shares issued pursuant to private placement to identified investor of 19,736,000 new ordinary shares of RM0.10 each at an issue price of RM0.76 per share	49,473,600
23.4.2008	5,100,000	0.10	Shares issued pursuant to private placement to identified investors of 5,100,000 new ordinary shares of RM0.10 each at an issue price of RM0.50 per share	49,983,600
18.11.2008	199,934,400	0.10	Shares issued pursuant to bonus issue of 199,934,400 new ordinary shares of RM0.10 each through the capitalisation of RM19,993,440 from the share premium account on the basis of 2 new FCB Shares for every 5 existing FCB Shares held	69,977,040
16.3.2009	11,000,000	0.10	Shares issued pursuant to private placement to identified investor of 11,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.18 per share	71,077,040

Date of allotment	No. of ordinary Shares	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
22.7.2009	11,664,000	0.10	Shares issued pursuant to private placement to identified investor of 11,664,000 new ordinary shares of RM0.10 each at an issue price of RM0.21 per share	72,243,440

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3. SUBSTANTIAL SHAREHOLDERS

The proforma effects of the Rights Issue on the substantial shareholders' shareholdings of FCB as at LPD based on the Register of Substantial Shareholders are as follows:-

Minimum Scenario

	As at LPD				(I) After Rights Issue				After (I) and assuming full exercise of the Warrants			
	<——No. of Shares held——>				<——No. of Shares held——>				<——No. of Shares held——>			
Substantial shareholder	Direct '000	%	Indirect '000	%	Direct '000	%	Indirect '000	%	Direct '000	%	Indirect '000	%
WHC	143,604	19.9	16,852	2.3^	201,046	21.9	16,852	1.8^	258,487	23.3	16,852	1.5^
Lembaga Tabung Haji	52,475	7.3	-	-	52,475	5.7	-	-	52,475	4.7	-	-
Yeo Lay Poh	38,147	5.3	-	-	38,147	4.2	-	-	38,147	3.4	-	-

Maximum Scenario

	As at LPD				(I) After Rights Issue				After (I) and assuming full exercise of the Warrants			
	<——No. of Shares held——>				<——No. of Shares held——>				<——No. of Shares held——>			
Substantial shareholder	Direct '000	%	Indirect '000	%	Direct '000	%	Indirect '000	%	Direct '000	%	Indirect '000	%
WHC	143,604	19.9	16,852	2.3^	201,046	19.9	23,593	2.3^	258,487	19.9	30,334	2.3^
Lembaga Tabung Haji	52,475	7.3	-	-	73,465	7.3	-	-	94,455	7.3	-	-
Yeo Lay Poh	38,147	5.3	-	-	53,406	5.3	-	-	68,646	5.3	-	-

Note:

^ *Deemed interested by virtue of his interest in Frontken Holdings Pte Ltd*

4. BOARD OF DIRECTORS

The age, professions, nationalities, designations and addresses of our Board are set out under the Corporate Directory on page (vii) of this Abridged Prospectus. The proforma effects of the Rights Issue on the shareholdings of our Board based on their shareholdings as at LPD are as follows:-

Minimum Scenario

	As at LPD				(I) After Rights Issue				After (I) and assuming full exercise of the Warrants			
	<——No. of Shares held——>				<——No. of Shares held——>				<——No. of Shares held——>			
Name	Direct '000	%	Indirect '000	%	Direct '000	%	Indirect '000	%	Direct '000	%	Indirect '000	%
WHC	143,604	19.9	16,852	2.3^	201,046	21.9	16,852	1.8^	258,487	23.3	16,852	1.5^
Dr Tay Kiang Meng	6,314	0.87	-	-	6,314	0.69	-	-	6,314	0.56	-	-
Dato' Ibrahim bin Mahmud	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Haji Johar bin Murat @ Murad	-	-	-	-	-	-	-	-	-	-	-	-
Ng Wai Pin	-	-	-	-	-	-	-	-	-	-	-	-
Aaron Sim Kwee Lein	-	-	-	-	-	-	-	-	-	-	-	-

Note:

^ *Deemed interested by virtue of his interest in Frontken Holdings Pte Ltd*

Maximum Scenario

Name	As at LPD <——No. of Shares held——>				(I) After Rights Issue <——No. of Shares held——>				After (I) and assuming full exercise of the Warrants <——No. of Shares held——>			
	Direct '000	%	Indirect '000	%	Direct '000	%	Indirect '000	%	Direct '000	%	Indirect '000	%
WHC	143,604	19.9	16,852	2.3^	201,046	19.9	23,593	2.3^	258,487	19.9	30,334	2.3^
Dr Tay Kiang Meng	6,314	0.87	-	-	8,839	0.87	-	-	11,365	0.87	-	-
Dato' Ibrahim bin Mahmud	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Haji Johar bin Murat @ Murad	-	-	-	-	-	-	-	-	-	-	-	-
Ng Wai Pin	-	-	-	-	-	-	-	-	-	-	-	-
Aaron Sim Kwee Lein	-	-	-	-	-	-	-	-	-	-	-	-

Note:

^ *Deemed interested by virtue of his interest in Frontken Holdings Pte Ltd*

5. LIST OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The subsidiary and associated companies of FCB as at LPD are as follows:-

Name of company	Place and date of incorporation	Issued and paid-up capital	Effective equity interest (%)	Principal activities
Direct subsidiary				
Frontken (Singapore) Pte Ltd	Singapore 5.9.1996	SGD9,093,984	100	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works
Frontken Technology Corporation	Taiwan 4.3.2007	NT$1,000,000	100	Investment holding
PT Frontken Indonesia	Indonesia 19.11.2008	USD300,000	95	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works
Frontken MIC Co. Limited	Hong Kong 28.12.2007	HK$3,120,000	50	Investment holding and provision of management services
Indirect subsidiary				
FM	Malaysia 31.5.1999	RM10,000,000	100	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
Metall-Treat Industries Pte Ltd	Singapore 1.12.1990	SGD300,000	100	Electroplating and plating of metals and formed products

Name of company	Place and date of incorporation	Issued and paid-up capital	Effective equity interest (%)	Principal activities
Frontken Philippines Inc	Philippines 25.11.2003	PHP27,963,000	99.99	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works
Frontken (East Malaysia) Sdn Bhd	Malaysia 13.5.2003	RM2,168,000	100	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works
Frontken (Johor) Sdn Bhd	Malaysia 5.8.2008	RM1,000,000	100	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works
Frontken-MIC (Wuxi) Co. Ltd	China 31.10.2008	USD400,000	50	Provision of cleaning of specialised equipment for semiconductor devices, integrated circuits and components, and research and development of semiconductor cleaning technology
Frontken Petroleum Sdn Bhd	Malaysia 4.1.2007	RM407,000	60.1	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works
Frontship Pte Ltd	Singapore 8.12.2009	SGD2	100	Procurement of materials, equipment, consumable parts and engineering services

Name of company	Place and date of incorporation	Issued and paid-up capital	Effective equity interest (%)	Principal activities
Associated Company				
Frontken (Thailand) Co. Ltd	Thailand 19.5.2003	THB23,920,000	49	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works
Ares Green Technology Corporation	Taiwan 13.1.1999	NT$315,000,000	42.11	Provision of surface treatment and advanced precision cleaning for the TFT - LCD (Thin Film Transistor – Liquid Crystal display) and semi-conductor industries
Frontken BumiMaju Sdn Bhd	Malaysia 5.4.2004	RM100,000	30	Trading in machineries, machine parts and equipment and providing engineering services

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6. PROFIT AND DIVIDEND RECORD

Our Group's audited consolidated results for the past three (3) FYE 31 December 2006, 2007 and 2008 and the unaudited consolidated results for the nine (9) months period ended 30 September 2009 are as follows:-

	<-----------FYE 31 December---------->			Unaudited nine (9) months period ended
	2006 RM'000	2007 RM'000	2008 RM'000	30.9.2009 RM'000
Revenue	72,477	105,352	130,553	103,010
Gross profit	24,410	36,580	40,954	29,227
EBITDA [(1)]	16,859	11,233	23,611	20,792
Less:-				
Depreciation	(5,723)	(9,093)	(11,099)	(10,077)
Amortisation	(139)	(192)	(186)	(46)
Finance costs	(1,114)	(3,027)	(4,242)	(2,752)
Earnings/(loss) after depreciation, amortisation and finance costs	9,883	(1,079)	8,084	7,915
Other income [(2)]	698	5,533	10,015	1,484
Share in result of associates	10	2,416	1,312	(993)
PBT	10,591	6,870	19,411	8,406
Less taxation	(2,594)	(2,466)	(496)[(3)]	(1,088)
PAT	7,997	4,404	18,915	7,318
Less MI	(71)	(398)	(64)	(402)
Profit attributable to the equity holders of the Company	7,926	4,006	18,851	7,720
Gross profit margin (%)	33.68	34.72	31.37	28.37
Weighted average no. of shares in issue ('000)	324,739	483,543	698,196	707,115
Basic EPS (sen)	2.44	0.82	2.69	1.09

Notes:-

(1) *EBITDA is computed as PBT plus (i) depreciation and amortisation and (ii) finance costs less (i) other income and (ii) share in result of associates*

(2) *Other income comprises mainly insurance compensation received, interest income and gain on disposal of fixed asset*

(3) *The lower effective tax rate for FYE 2008 was due mainly to a relatively lower statutory tax rate in Singapore, income which was not subject to tax, utilisation of unabsorbed reinvestment allowance and overprovision in prior years*

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Commentaries on past performance:

FYE 31 December 2006

Our Group recorded consolidated revenue and PBT of RM72.5 million and RM10.6 million respectively during the FYE 2006. The audited revenue and PBT increased by 13% and 6% respectively as compared to the previous financial year. The semiconductor and power sectors continue to be major revenue contributors to our Group. The continuous increase in revenue was in line with Malaysia's sustained growth in the industrialisation phase and our Group's strengthened presence in the market. Included in the PBT also other income of RM0.7 million which mainly comprises interest income and government grant of RM0.3 million.

The auditors' report on the consolidated financial statements of FCB for FYE 31 December 2006 was not qualified.

FYE 31 December 2007

In FYE 31 December 2007, our Group recorded consolidated revenue of RM105.4 million, a RM32.9 million or 45% increase as compared to the RM72.5 million recorded in FYE 31 December 2006. However, the our Group's PBT reduced by RM3.7 million or 35% from RM10.6 million in FYE 31 December 2006 to RM6.9 million in FYE 31 December 2007.

The increase in revenue was mainly due to higher demand for our Group's surface metamorphosis services during the year as well as from full-year contributions from our Group's wholly-owned subsidiary, Metall-Treat Industries Pte Ltd as compared to 2 month's contribution in the previous year.

In spite of an increase in revenue, PBT decreased during the year under review due to two separate incidents of fire in our Group's Singapore and Kulim plants, as well as flood in our Group's Bukit Mertajam plant, which resulted in one-off losses amounting to RM11.2 million, arising from the write-off of stocks and fixed assets affected by fire incidents, compensation to customers for damaged inventories and parts, and post fire maintenance. Included in the PBT also other income of RM5.5 million which mainly comprises interim insurance compensation received for flood and fire incidents incurred during the year totalling RM0.3 million and RM4.6 million respectively.

The auditors' report on the consolidated financial statements of FCB for FYE 31 December 2007 was not qualified.

FYE 31 December 2008

In FYE 31 December 2008, FCB recorded consolidated revenue of RM130.6 million, a RM25.2 million or 24% increase as compared to the RM105.4 million recorded in FYE 31 December 2007. Excluding the financial effects of the one-off insurance compensation and losses arising from the flood and fire incidents in the FYE 31 December 2007 totalling RM4.9 million and RM11.2 million respectively, our Group's PBT decreased slightly by RM0.8 million or 6% from RM13.2 million in FYE 31 December 2007 to RM12.3 million (excluding the financial effects of the one-off insurance compensation and losses arising from the flood and fire incidents, totalling RM7.6 million and RM0.5 million respectively) in FYE 31 December 2008.

The increase in revenue was mainly due to higher demand for our Group's surface metamorphosis services during the year in tandem with the increased awareness of the benefits of surface metamorphosis technology to wide ranging industries. Included in the PBT also other income of RM10 million which mainly comprises:

i) final insurance compensation received for flood and fire incidents incurred in year 2007 totalling RM0.2 million and RM7.3 million respectively;

ii) higher interest income earned of RM0.5 million;

iii) gain and disposal of property, plant and equipment of RM0.5 million; and

iv) gain on dilution of investment in a former subsidiary to associate of RM0.3 million

The auditors' report on the consolidated financial statements of FCB for FYE 31 December 2008 was not qualified.

Unaudited nine (9) months period ended 30 September 2009

Our Group recorded unaudited revenue and PBT of approximately RM103.0 million and RM8.4 million respectively for the nine (9) months period ended 30 September 2009 ("FP 2009"), compared to RM98.9 million and RM18.7 million respectively for the preceding corresponding period ended 30 September 2008. This represents an increase of approximately 4% in revenue and decrease in PBT of approximately 55% compared to that achieved in the preceding corresponding period.

Despite signs of improvement in economic conditions, our Group's sales performance remained mixed by activity and location. In Singapore, demand from the power generation and semiconductor sectors saw tremendous recovery in recent months and demand for maintenance works on critical parts and equipment from the oil and gas industry has also been increasing. The modest revenue growth recorded by our Group for FP 2009 was mainly due to higher demand for our Group's services in Malaysia and the Philippines.

The lower PBT recorded by our Group for FP 2009 was mainly due to the following:

(a) For the corresponding period in 2008, our Group's PBT of RM18.7 million included a one-off net gain of approximately RM4.2 million in respect of recovery from insurers on the fire incidents. Excluding this one-off gain, the Group's PBT for FP2009 declined by 42.1% over the same period in 2008;

(b) Lower margin during the current period arising from higher cost of sales; and

(c) Share of losses of associates of RM1.0 million during the current period as compared to share of profits of RM1.6 million in the preceding corresponding period.

Included in the PBT also other income of RM1.5 million which mainly comprises of interest income and government grant of RM0.9 million.

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7. SHARE PRICES

The monthly highest and lowest closing market prices of FCB Shares traded on Bursa Securities for the past twelve (12) months preceding the date of this Abridged Prospectus are as follows:-

	Low RM	High RM
2009		
February	0.19	0.34
March	0.19	0.35
April	0.22	0.29
May	0.25	0.33
June	0.21	0.37
July	0.23	0.29
August	0.23	0.26
September	0.22	0.24
October	0.21	0.25
November	0.20	0.26
December	0.20	0.24
2010		
January	0.23	0.29
Last transacted market price on 24 November 2009, being the last full trading day prior to the announcement of the Rights Issue		RM0.20
Last transacted market price on 8 February 2010, being the last full trading day prior to the ex-date of the Rights Issue		RM0.23
Last transacted market price on LPD		RM0.26

(Source: Bloomberg)

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PROFORMA CONSOLIDATED BALANCE SHEETS OF FCB BASED ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2008 TOGETHER WITH REPORTING ACCOUNTANTS' LETTER THEREON

Crowe Horwath™

Crowe Horwath *AF 1018*
Chartered Accountants
Member Crowe Horwath International

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Ref. No. : AUDIT/CSU4/LKW/LTK

27 January 2010

The Board of Directors
Frontken Corporation Berhad
Suite 301, 3rd Floor, Block F
Pusat Dagangan Phileo Damansara 1,
No.9, Jalan 16/11,
Off Jalan Damansara,
46350 Petaling Jaya
Selangor Darul Ehsan

Strictly Private and Confidential

Dear Sirs/Madam,

FRONTKEN CORPORATION BERHAD ("FCB")
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008

We have reviewed the Proforma Consolidated Balance Sheets of FCB as at 31 December 2008 together with the accompanying notes thereto, for which the Directors are solely responsible, as set out in the accompanying statements (initialled by us for the purpose of identification only) prepared for inclusion in the Abridged Prospectus dated 11 February 2010 in relation to the renounceable rights issue of up to 288,973,760 new ordinary shares of RM0.10 each ("Rights Shares") in FCB at an issue price of RM0.11 for each Rights Share together with up to 288,973,760 free new detachable warrants ("Warrants") on the basis of two (2) Rights Shares together with two (2) free Warrants for every five (5) existing FCB shares ("Rights Issue").

In our opinion,

(i) the Proforma Consolidated Balance Sheets which are prepared by the directors of FCB have been properly compiled on the basis stated using financial statements prepared in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies of FCB; and

(ii) the adjustments made to the information used in the preparation of the Proforma Consolidated Balance Sheets are appropriate for the purposes of preparing the Proforma Consolidated Balance Sheets.

Crowe Horwath™

We understand that this letter will be used solely for the purposes of the Abridged Prospectus in connection with the Rights Issue. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

Crowe Horwath
Firm No : AF 1018
Chartered Accountants

Lee Kok Wai
Approval Number : 2760/06/10 (J)
Chartered Accountants

FRONTKEN CORPORATION BERHAD ("FCB")
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008

Initialed For Identification Purposes Only
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MINIMUM SCENARIO	Note	FCB Group Audited as at 31.12.08 RM'000	Proforma I After Private Placement RM'000	Proforma II After Proforma I and Rights Issue and utilisation of proceeds RM'000	Proforma III After Proforma II and assuming full exercise of Warrants RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment		108,980	108,980	108,980	108,980
Prepaid lease payments		3,553	3,553	3,553	3,553
Investment in associates		48,192	48,192	48,192	48,192
Goodwill on consolidation		3,749	3,749	3,749	3,749
		164,474	164,474	164,474	164,474
CURRENT ASSETS					
Inventories		5,910	5,910	5,910	5,910
Amount due from contract customers		669	669	669	669
Trade receivables		41,324	41,324	41,324	41,324
Other receivables, deposit and prepayments		13,304	13,304	13,304	13,304
Amount owing by associates		3,500	3,500	3,500	3,500
Fixed deposits with licensed banks		758	758	758	758
Cash and bank balances	6	10,440	14,869	20,188	55,073
		75,905	80,334	85,653	120,538
TOTAL ASSETS		240,379	244,808	250,127	285,012
EQUITY AND LIABILITIES					
EQUITY					
Share capital	7	69,977	72,243	91,624	111,004
Share premium	8	5,935	8,098	9,536	38,107
Warrant reserve	9	-	-	13,066	-
Foreign currency translation reserve		2,745	2,745	2,745	2,745
Retained profits	10	43,010	43,010	29,444	29,444
Attributable to equity holders of the Company		121,667	126,096	146,415	181,300
Minority interests		652	652	652	652
TOTAL EQUITY		122,319	126,748	147,067	181,952
NON-CURRENT LIABILITIES					
Long-term borrowings		45,292	45,292	30,292	30,292
Deferred tax liabilities		3,466	3,466	3,466	3,466
		48,758	48,758	33,758	33,758
CURRENT LIABILITIES					
Trade payables		19,453	19,453	19,453	19,453
Other payables and accruals		18,195	18,195	18,195	18,195
Amount owing to associates		301	301	301	301
Provision for taxation		1,339	1,339	1,339	1,339
Deferred income		19	19	19	19
Short-term borrowings		29,995	29,995	29,995	29,995
		69,302	69,302	69,302	69,302
TOTAL LIABILITIES		118,060	118,060	103,060	103,060
TOTAL EQUITY AND LIABILITIES		240,379	244,808	250,127	285,012
Net assets per share (RM)		0.17	0.17	0.16	0.16

Company No.: 651020-T

FRONTKEN CORPORATION BERHAD ("FCB")
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008

Initialed For Identification Purposes Only
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MAXIMUM SCENARIO	Note	FCB Group Audited as at 31.12.08 RM'000	Proforma I After Private Placement RM'000	Proforma II After Proforma I and Rights Issue and utilisation of proceeds RM'000	Proforma III After Proforma II and assuming full exercise of Warrants RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment		108,980	108,980	108,980	108,980
Prepaid lease payments		3,553	3,553	3,553	3,553
Investment in associates		48,192	48,192	48,192	48,192
Goodwill on consolidation		3,749	3,749	3,749	3,749
		164,474	164,474	164,474	164,474
CURRENT ASSETS					
Inventories		5,910	5,910	5,910	5,910
Amount due from contract customers		669	669	669	669
Trade receivables		41,324	41,324	41,324	41,324
Other receivables, deposit and prepayments		13,304	13,304	13,304	13,304
Amount owing by associates		3,500	3,500	3,500	3,500
Fixed deposits with licensed banks		758	758	758	758
Cash and bank balances	6	10,440	14,869	30,656	82,671
		75,905	80,334	96,121	148,136
TOTAL ASSETS		240,379	244,808	260,595	312,610
EQUITY AND LIABILITIES					
EQUITY					
Share capital	7	69,977	72,243	101,141	130,038
Share premium	8	5,935	8,098	10,487	53,333
Warrant reserve	9	-	-	19,728	-
Foreign currency translation reserve		2,745	2,745	2,745	2,745
Retained profits	10	43,010	43,010	22,782	22,782
Attributable to equity holders of the Company		121,667	126,096	156,883	208,898
Minority interests		652	652	652	652
TOTAL EQUITY		122,319	126,748	157,535	209,550
NON-CURRENT LIABILITIES					
Long-term borrowings		45,292	45,292	30,292	30,292
Deferred tax liabilities		3,466	3,466	3,466	3,466
		48,758	48,758	33,758	33,758
CURRENT LIABILITIES					
Trade payables		19,453	19,453	19,453	19,453
Other payables and accruals		18,195	18,195	18,195	18,195
Amount owing to associates		301	301	301	301
Provision for taxation		1,339	1,339	1,339	1,339
Deferred income		19	19	19	19
Short-term borrowings		29,995	29,995	29,995	29,995
		69,302	69,302	69,302	69,302
TOTAL LIABILITIES		118,060	118,060	103,060	103,060
TOTAL EQUITY AND LIABILITIES		240,379	244,808	260,595	312,610
Net assets per share (RM)		0.17	0.17	0.16	0.16

Company No.: 651020-T

FRONTKEN CORPORATION BERHAD ("FCB")
NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2008

Initialed For Identification Purposes Only
Crowe Horwath
AF 1018

1. BASIS OF PREPARATION

The Proforma Consolidated Balance Sheets of Frontken Corporation Berhad ("FCB") have been prepared based on the audited consolidated balance sheets of FCB as at 31 December 2008. The financial statements used in preparing the Proforma Consolidated Balance Sheets were in accordance with Financial Reporting Standards in Malaysia.

The Proforma Consolidated Balance Sheets have been prepared solely for illustration purposes, to show the effects of the following:-

(i) A private placement exercise was undertaken by FCB on 2 April 2007 for 47,500,000 ordinary shares of RM0.10 each in FCB ("Private Placement"). The Private Placement was placed out to identified investors in four (4) tranches, at an issue price of RM0.76 per share, RM0.50 per share, RM0.18 per share and RM0.21 per share for the first, second, third and fourth tranches respectively. The third and fourth tranches were completed on 20 March 2009 and 28 July 2009 respectively;

(ii) Renounceable rights issue of up to 288,973,760 new ordinary shares of RM0.10 each ("Rights Shares") in FCB at an issue price of RM0.11 for each Rights Share together with up to 288,973,760 free new detachable warrants ("Warrants") on the basis of two (2) Rights Shares together with two (2) free Warrants for every five (5) existing FCB shares; and

(iii) Full exercise of Warrants at an exercise price of RM0.18 each.

The Proforma Consolidated Balance Sheets have been prepared based on the accounting policies and bases consistent with those normally adopted by FCB in preparation of its audited consolidated financial statements.

The details of the Minimum and Maximum Scenarios are set out below:

1.1. Minimum Scenario

The Minimum Scenario assumes the effects of the following:

(i) A private placement exercise was undertaken by FCB on 2 April 2007 for 47,500,000 ordinary shares of RM0.10 each in FCB ("Private Placement"). The Private Placement was placed out to identified investors in four (4) tranches, at an issue price of RM0.76 per share, RM0.50 per share, RM0.18 per share and RM0.21 per share for the first, second, third and fourth tranches respectively. The third and fourth tranches were completed on 20 March 2009 and 28 July 2009 respectively; and

(ii) The Rights Shares are based on the minimum subscription level of 193,803,000 ordinary shares of RM0.10 each at an issue price of RM0.11 for each Rights Share with 193,803,000 detachable Warrants.

FRONTKEN CORPORATION BERHAD ("FCB")
NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2008

1.2. Maximum Scenario

The Maximum Scenario assumes the effects of the following:

(i) A private placement exercise was undertaken by FCB on 2 April 2007 for 47,500,000 ordinary shares of RM0.10 each in FCB. The Private Placement was placed out to identified investors in four (4) tranches, at an issue price of RM0.76 per share, RM0.50 per share, RM0.18 per share and RM0.21 per share for the first, second, third and fourth tranches respectively. The third and fourth tranches were completed on 20 March 2009 and 28 July 2009 respectively; and

(ii) The Rights Shares are based on the full subscription of 288,973,760 ordinary shares of RM0.10 each at an issue price of RM0.11 for each Rights Share with 288,973,760 detachable warrants.

2. PROFORMA I

Proforma I incorporates the effects of the Private Placement undertaken by FCB on 2 April 2007 for 47,500,000 ordinary shares of RM0.10 each in FCB. The Private Placement was placed out to identified investors in four (4) tranches, at an issue price of RM0.76 per share, RM0.50 per share, RM0.18 per share and RM0.21 per share for the first, second, third and fourth tranches respectively. The third and fourth tranches were completed on 20 March 2009 and 28 July 2009 respectively.

3. PROFORMA II

Proforma II incorporates the effects of Proforma I and the effects of the Rights Issue with the free detachable Warrants and the utilisation of proceeds raised from the Proposals.

4. PROFORMA III

Proforma III incorporates the effects of Proforma II and assumes the full exercise of the detachable Warrants based on the conversion price of RM0.18 per detachable Warrant.

FRONTKEN CORPORATION BERHAD ("FCB")
NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2008

5. PRIVATE PLACEMENT

On 2 April 2007, FCB had undertaken a private placement of 47,500,000 ordinary shares of RM0.10 each in FCB. The Private Placement was placed out to identified investors in four (4) tranches, at an issue price of RM0.76 per share, RM0.50 per share, RM0.18 per share and RM0.21 per share for the first, second, third and fourth tranches respectively. The third and fourth tranches were completed on 20 March 2009 and 28 July 2009 respectively.

The details of the Private Placement are as follows:-

	Issue price RM	No of shares issued ('000)	Total Proceeds RM'000	Share Capital RM'000	Share Premium RM'000
3rd tranche - Completed on 20.3.2009	0.18	11,000	1,980	1,100	880
4th tranche - Completed on 28.7.2009	0.21	11,664	2,449	1,166	1,283
		22,664	4,429	2,266	2,163

6. CASH AND BANK BALANCES

	Minimum Scenario RM'000	Maximum Scenario RM'000
As at 31 December 2008	10,440	10,440
Private Placement	4,429	4,429
As per Proforma I	14,869	14,869
Rights Issue with free new detachable Warrants	21,319	31,787
For repayment of borrowings	(15,000)	(15,000)
Estimated expenses pursuant to the Rights Issue	(1,000)	(1,000)
As per Proforma II	20,188	30,656
Exercise of Warrant to ordinary shares	34,885	52,015
As per Proforma III	55,073	82,671

FRONTKEN CORPORATION BERHAD ("FCB")
NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2008

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Based on the issue price of RM0.11 per Rights Share, the proceeds raised from the Rights Issue will be utilised in the following manner:

	Note	Minimum Scenario RM'000	Maximum Scenario RM'000
Repayment of borrowings		15,000	15,000
Future investment	6.1	3,000	8,000
Working capital	6.1	2,319	7,787
Estimated expenses		1,000	1,000
		21,319	31,787

6.1 The future investment and working capital are included as part of cash and bank balances pending utilisation.

7. SHARE CAPITAL

	Minimum Scenario RM'000	Maximum Scenario RM'000
Existing issued and paid-up share capital as at 31 December 2008	69,977	69,977
Private Placement	2,266	2,266
As per Proforma I	72,243	72,243
Rights Issue	19,381	28,898
As per Proforma II	91,624	101,141
To be issued upon full exercise of Warrants	19,380	28,897
As per Proforma III	111,004	130,038

FRONTKEN CORPORATION BERHAD ("FCB")
NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2008

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8. SHARE PREMIUM

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2008	5,935	5,935
Private Placement	2,163	2,163
As per Proforma I	8,098	8,098
Rights Issue	1,938	2,890
Less: Estimated expenses pursuant to the Rights Issue	(500)	(500)
As per Proforma II	9,536	10,488
Exercise of Warrants to ordinary shares	15,505	23,117
Transfer from warrant reserve	13,066	19,728
As per Proforma III	38,107	53,333

9. WARRANT RESERVE

The warrant reserve is computed based on a fair value per Warrant of RM0.07. The assumptions used to arrive at this fair value are as follows:-

Valuation model	Trinomial
Exercise type	American
Tenure	5 years
5-days volume weighted average price of FCB shares at 24 November 2009	RM0.21
Conversion price	RM0.18
Volatility rate	38.55%
Period of volatility assessment	Last 90 market days to 24.11.2009

	Minimum Scenario	Maximum Scenario
Fair value per Warrant (RM)	0.07	0.07
No. of Warrants ('000)	193,805	288,974
Warrant Reserve (RM'000)	13,566	20,228

The actual quantum of warrant reserve will only be determined upon issuance of the Warrants. As such, the actual quantum may differ from the amount computed above.

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The movements in the warrant reserve account of FCB are as follows:

	Minimum Scenario RM'000	Maximum Scenario RM'000
Existing warrant reserve as at 31 December 2008	-	-
Warrants issued with rights issue (Note 10)	13,566	20,228
Estimated expenses pursuant to the Rights Issue (Note 6)	(500)	(500)
As per Proforma II	13,066	19,728
Transfer to Share Premium account upon full exercise of Warrants	(13,066)	(19,728)
As per Proforma III	-	-

10. RETAINED PROFITS

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 31 December 2008	43,010	43,010
Transfer to warrant reserve (Note 9)	(13,566)	(20,228)
As per Proforma II / Proforma III	29,444	22,782

FRONTKEN CORPORATION BERHAD
(Company No. 651020 - T)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(In Ringgit Malaysia)

These Audited Financial Statements of the Group and of the Company with *Qualified/Unqualified Auditors' Report for the year ended December 31, 2008 were tabled at the Annual General Meeting/Adjourned Annual General Meeting held on ....

Director

Company No.: 651020-T

FRONTKEN CORPORATION BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

CONTENTS

FRONTKEN CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors of **FRONTKEN CORPORATION BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 13 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and of its subsidiaries during the financial year.

SIGNIFICANT CORPORATE EVENTS

During the financial year, the Company announced certain corporate proposals, the details of which are disclosed in Note 31 to the Financial Statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit/(Loss) before tax	19,411,010	(510,085)
Income tax expense	(496,105)	-
Profit/(Loss) for the year	18,914,905	(510,085)
Attributable to:		
Equity holders of the Company	18,850,507	(510,085)
Minority interests	64,398	-
	18,914,905	(510,085)

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM49,473,600 to RM69,977,040 pursuant to the following:

(a) Issuance of 5,100,000 new ordinary shares of RM0.10 each at an issue price of RM0.50 per share pursuant to the Private Placement on April 23, 2008; and

(b) Issuance of 199,934,400 new ordinary shares of RM0.10 each pursuant to the bonus issue on November 18, 2008, through the capitalisation of RM19,993,440 from the share premium on the basis of two (2) new shares for every five (5) shares held.

The resulting share premium of RM2,040,000 arising from the private placement exercise was credited to the share premium account.

The new shares issued rank pari passu in all material respects with the then existing shares of the Company.

The Company has not issued any debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there are no known bad debts to be written off and that no allowance for doubtful debts is required; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would require the writing off of bad debts or the setting up of allowance for doubtful debts in the financial statements of the Group and of the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year other than those mentioned in Note 32 to the Financial Statements.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Wong Hua Choon
Dr. Tay Kiang Meng
See Chuan Swee
Dato' Ibrahim Bin Mahmud
Dato' Haji Johar bin Murat @ Murad
Ng Wai Pin
Kek Chin Wu (appointed on 4.11.2008)

In accordance with Article 74 of the Company's Articles of Association, Mr. See Chuan Swee and Dato' Ibrahim Bin Mahmud retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Mr. Kek Chin Wu, who was appointed to the Board since the date of the last Annual General Meeting, retires under Article 79 of the Company's Articles of Association and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM0.10 each			
	Balance as of 1.1. 2008	**Bought/ Bonus issue**	**Sold**	**Balance as of 31.12.2008**
Shares in the Company				
Direct Interest				
Wong Hua Choon	102,574,352	41,029,740	-	143,604,092
Dr. Tay Kiang Meng	200,000	1,380,000	-	1,580,000
See Chuan Swee	145,300	1,862,120	-	2,007,420

	Number of ordinary shares of RM0.10 each			
	Balance as of 1.1. 2008	**Bought/ Bonus issue**	**Sold**	**Balance as of 31.12.2008**
Shares in the Company				
Indirect Interest				
Wong Hua Choon [1]	12,037,228	4,814,895	-	16,852,123
Dr. Tay Kiang Meng [1]	12,037,228	4,814,895	-	16,852,123
Dato' Ibrahim Bin Mahmud [2]	95,237,500	34,098,999	(21,166,547)	108,169,952

Notes:

[1] Deemed interest by virtue of Section 6A(4) of the Act through their interest in Frontken Holdings Pte. Ltd..

[2] Deemed interest by virtue of Section 6A(4) of the Act through his interest in Quantum Spire Sdn. Bhd..

By virtue of the above directors' interest in the shares of the Company, they are deemed to have an interest in the shares of the subsidiaries to the extent the directors have their interests.

The other directors did not hold shares or have any beneficial interest in the shares of the Company or of its related companies during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the Financial Statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions as disclosed in Note 19 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte & Touche, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

DR. TAY KIANG MENG

SEE CHUAN SWEE

Petaling Jaya,
April 28, 2009

Deloitte.

Deloitte & Touche (AF 0834)
Chartered Accountants
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Damansara Uptown
1, Jalan SS21/58
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRONTKEN CORPORATION BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of **FRONTKEN CORPORATION BERHAD**, which comprise the balance sheets of the Group and of the Company as of December 31, 2008 and the income statements, statements of changes in equity and cash flow statements for the financial year then ended of the Group and of the Company, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 75.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

(Forward)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2008 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and auditors' reports of subsidiaries of which we have not acted as auditors, as shown in Note 13 to the Financial Statements, being financial statements that have been included in the financial statements of the Group.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes.

(Forward)

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification or did not include any comment made under Sub-section (3) of Section 174 of the Act.

Deloitte & Touche

DELOITTE & TOUCHE
AF 0834
Chartered Accountants

OOI THIAM POH
Partner - 2495/01/10 (J)
Chartered Accountant

April 28, 2009

FRONTKEN CORPORATION BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

INCOME STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

		The Group		The Company	
	Note	**2008**	**2007**	**2008**	**2007**
		RM	**RM**	**RM**	**RM**
Revenue	6	130,553,084	105,351,674	1,168,570	1,699,820
Cost of sales		(89,599,383)	(68,771,237)	-	-
Gross profit		40,953,701	36,580,437	1,168,570	1,699,820
Other income:					
Insurance compensation received	8	7,583,876	4,943,044	-	-
Others		2,431,468	589,837	1,980,996	1,497,612
Administrative expenses		(23,914,134)	(19,533,606)	(2,191,853)	(1,595,382)
Other expenses:					
Losses arising from flood and fire incidents	8	(488,045)	(11,227,499)	-	-
Others		(4,225,471)	(3,871,068)	(35,392)	(85,197)
Finance costs	7	(4,241,909)	(3,027,168)	(1,432,406)	(1,487,357)
Share in results of associates		1,311,524	2,415,848	-	-
Profit/(Loss) before tax	8	19,411,010	6,869,825	(510,085)	29,496
Income tax expense	9	(496,105)	(2,466,191)	-	(6,611)
Profit/(Loss) for the year		18,914,905	4,403,634	(510,085)	22,885
Attributable to:					
Equity holders of the Company		18,850,507	4,005,997		
Minority interests		64,398	397,637		
		18,914,905	4,403,634		
Earnings per ordinary share attributable to equity holders of the Company (sen)					
Basic and diluted	10	2.7	0.6		

The accompanying Notes form an integral part of the Financial Statements.

Company No.: 651020-T

FRONTKEN CORPORATION BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

BALANCE SHEETS
AS OF DECEMBER 31, 2008

	Note	The Group 2008 RM	The Group 2007 RM	The Company 2008 RM	The Company 2007 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	108,979,712	93,824,495	65,592	92,321
Prepaid lease payments	12	3,552,738	3,614,705	-	-
Investment in subsidiaries	13	-	-	29,923,851	29,231,047
Investment in associates	14	48,192,140	48,212,321	22,955,162	22,955,162
Goodwill on consolidation	15	3,749,020	2,804,791	-	-
Intangible asset	16	-	120,425	-	-
Total Non-Current Assets		164,473,610	148,576,737	52,944,605	52,278,530
Current Assets					
Inventories	17	5,910,167	5,193,000	-	-
Amount due from contract customers	18	668,875	215,400	-	-
Trade receivables	19	41,323,668	33,615,949	-	-
Other receivables and prepaid expenses	19	13,304,280	3,435,145	29,095	50,210
Tax recoverable		-	79,832	-	-
Amount owing by subsidiaries	13	-	-	42,930,836	43,235,675
Amount owing by associates	14	3,500,059	614,883	693,871	-
Fixed deposits with licensed banks		758,232	7,315,289	-	7,055,000
Cash and bank balances		10,440,412	9,522,493	322,258	2,697,692
Total Current Assets		75,905,693	59,991,991	43,976,060	53,038,577
Total Assets		240,379,303	208,568,728	96,920,665	105,317,107

(Forward)

	Note	The Group 2008 RM	The Group 2007 RM	The Company 2008 RM	The Company 2007 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued capital	20	69,977,040	49,473,600	69,977,040	49,473,600
Reserves	21	8,680,005	24,361,405	5,934,537	23,887,977
Retained earnings/ (Accumulated losses)		43,009,516	24,159,009	(508,501)	1,584
Equity attributable to equity holders of the Company		121,666,561	97,994,014	75,403,076	73,363,161
Minority interests		651,874	1,670,367	-	-
Total Equity		122,318,435	99,664,381	75,403,076	73,363,161
Non-Current Liabilities					
Term loans - non-current portion	22	33,200,474	35,850,405	-	-
Deferred income - non-current portion	23	-	18,343	-	-
Hire-purchase payables - non-current portion	24	12,091,335	9,359,620	-	-
Deferred tax liabilities	25	3,466,075	4,303,429	-	-
Total Non-Current Liabilities		48,757,884	49,531,797	-	-
Current Liabilities					
Trade payables	26	19,452,763	13,795,897	-	-
Other payables and accrued expenses	26	18,195,181	10,913,586	345,619	319,140
Amount owing to subsidiaries	13	-	-	21,171,970	23,634,806
Amount owing to associates		300,858	-	-	-
Bank borrowings	27	24,089,329	27,895,770	-	8,000,000

(Forward)

	Note	The Group 2008 RM	The Group 2007 RM	The Company 2008 RM	The Company 2007 RM
Deferred income					
- current portion	23	19,248	49,626	-	-
Hire-purchase payables					
- current portion	24	5,906,750	4,472,008	-	-
Tax liabilities		1,338,855	2,245,663	-	-
Total Current Liabilities		69,302,984	59,372,550	21,517,589	31,953,946
Total Liabilities		118,060,868	108,904,347	21,517,589	31,953,946
Total Equity and Liabilities		240,379,303	208,568,728	96,920,665	105,317,107

The accompanying Notes form an integral part of the Financial Statements.

Company No.: 651020-T

FRONTKEN CORPORATION BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008

The Group	Issued capital RM	Non-distributable Share premium RM	Non-distributable Foreign currency translation reserve RM	Distributable Retained earnings/ (Accumulated loss) RM	Attributable to equity holders of the Company RM	Minority interests RM	Total RM
Balance as of January 1, 2007	47,500,000	11,002,727	561,383	20,153,012	79,217,122	1,160,230	80,377,352
Net income/(expense) recognised directly in equity:							
Exchange differences arising from translation of foreign operations	-	-	(87,955)	-	(87,955)	-	(87,955)
Share issue expenses	-	(140,510)	-	-	(140,510)	-	(140,510)
Profit for the year	-	-	-	4,005,997	4,005,997	397,637	4,403,634
Total recognised income and expense	-	(140,510)	(87,955)	4,005,997	3,777,532	397,637	4,175,169
Issue of shares by subsidiary	-	-	-	-	-	112,500	112,500
Issue of ordinary shares (Note 20)	1,973,600	13,025,760	-	-	14,999,360	-	14,999,360
Balance as of December 31, 2007	49,473,600	23,887,977	473,428	24,159,009	97,994,014	1,670,367	99,664,381

The Group	Issued capital RM	Non-distributable Share premium RM	Foreign currency translation reserve RM	Distributable Retained earnings/ (Accumulated loss) RM	Attributable to equity holders of the Company RM	Minority interests RM	Total RM
Balance as of January 1, 2008	49,473,600	23,887,977	473,428	24,159,009	97,994,014	1,670,367	99,664,381
Net income recognised directly in equity:							
Exchange differences arising from translation of foreign operations	-	-	2,272,040	-	2,272,040	-	2,272,040
Profit for the year	-	-	-	18,850,507	18,850,507	64,398	18,914,905
Total recognised income and expense	-	-	2,272,040	18,850,507	21,122,547	64,398	21,186,945
Issue of shares by subsidiary	-	-	-	-	-	661,303	661,303
Acquisition of additional equity interest in subsidiary	-	-	-	-	-	(1,744,194)	(1,744,194)
Issue of ordinary shares (Note 20):							
Private placement	510,000	2,040,000	-	-	2,550,000	-	2,550,000
Bonus issue	19,993,440	(19,993,440)	-	-	-	-	-
Balance as of December 31, 2008	69,977,040	5,934,537	2,745,468	43,009,516	121,666,561	651,874	122,318,435

The Company	Issued Capital RM	Non-distributable - Share premium RM	Distributable- Retained earnings/ (Accumulated loss) RM	Total RM
Balance as of January 1, 2007	47,500,000	11,002,727	(21,301)	58,481,426
Net income/(expense) recognized directly in equity - Share issue expenses	-	(140,510)	-	(140,510)
Profit for the year	-	-	22,885	22,885
Total recognised income and expense	-	(140,510)	22,885	(117,625)
Issue of ordinary shares (Note 20)	1,973,600	13,025,760	-	14,999,360
Balance as of December 31, 2007	49,473,600	23,887,977	1,584	73,363,161
Balance as of January 1, 2008	49,473,600	23,887,977	1,584	73,363,161
Total recognised income and expense - Loss for the year	-	-	(510,085)	(510,085)
Issue of ordinary shares (Note 20):				
Private placement	510,000	2,040,000	-	2,550,000
Bonus issue	19,993,440	(19,993,440)	-	-
Balance as of December 31, 2008	69,977,040	5,934,537	(508,501)	75,403,076

The accompanying Notes form an integral part of the Financial Statements.

FRONTKEN CORPORATION BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CASH FLOW STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES				
Profit/(Loss) for the year	18,914,905	4,403,634	(510,085)	22,885
Adjustments for:				
Depreciation of property, plant and equipment	11,098,636	9,092,598	30,083	27,908
Interest expense	4,241,909	3,027,168	1,432,406	1,487,357
Unrealised loss on foreign exchange	1,352,145	654,620	1,039,824	141,780
Income tax expense recognised in income statements	496,105	2,466,191	-	6,611
Property, plant and equipment written off	285,674	7,640,615		-
Amortisation of intangible asset	123,680	159,747	-	-
Amortisation of prepaid lease payments	61,967	32,128	-	-
Share in results of associates	(1,311,524)	(2,415,848)	-	-
Interest income	(520,419)	(273,950)	(1,980,996)	(1,497,612)
Gain on disposal of property, plant and equipment	(509,056)	(12,474)	-	-
Gain on dilution of investment in a former subsidiary to associate	(311,833)	-	-	-
Government grants	(50,968)	(59,368)	-	-
Inventories written off	-	156,686	-	-
Dividend income from associate	-	-	(1,168,570)	(1,699,820)
Operating Profit/(Loss) Before Working Capital Changes	33,871,221	24,871,747	(1,157,338)	(1,510,891)

(Forward)

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
(Increase)/Decrease in:				
Inventories	(551,583)	(2,012,884)	-	-
Amount due from contract customers	(453,475)	(215,400)	-	-
Trade receivables	(6,923,373)	(5,291,610)	-	-
Other receivables and prepaid expenses	(8,378,632)	1,204,540	21,115	(26,140)
Increase/(Decrease) in:				
Trade payables	3,502,096	1,844,535	-	-
Other payables and accrued expenses	6,901,996	(155,376)	26,479	254,294
Amount owing to associates	300,858	-	-	-
Cash Generated From/ (Used in) Operations	28,269,108	20,245,552	(1,109,744)	(1,282,737)
Income taxes paid	(2,500,190)	(2,913,517)	-	(46,292)
Net Cash From/(Used In) Operating Activities	25,768,918	17,332,035	(1,109,744)	(1,329,029)
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES				
(Increase)/Decrease in amount owing by subsidiaries	-	-	304,839	(24,455,634)
Increase in amount owing by associates	(2,542,998)	(614,883)	(693,871)	-
Purchase of property, plant and equipment (Note)	(16,728,613)	(28,294,559)	(3,354)	(16,299)
Dividend received from associates	2,779,369	4,023,854	1,168,570	1,699,820
Acquisition of subsidiaries	(2,550,000)	-	(692,804)	(107,769)
Acquisition of associates	(427,337)	(49,102,207)	-	(22,955,162)
Additions to prepaid lease payments	-	(2,094,615)	-	-
Proceeds from disposal of property, plant and equipment	3,661,072	491,982	-	-
Interest received	520,419	273,950	1,980,996	1,497,612
Net Cash From/(Used In) Investing Activities	(15,288,088)	(75,316,478)	2,064,376	(44,337,432)

(Forward)

	Note	The Group 2008 RM	The Group 2007 RM	The Company 2008 RM	The Company 2007 RM
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES					
Increase/(Decrease) in amount owing to subsidiaries		-	-	(3,502,660)	23,473,819
Proceeds from issuance of shares		2,550,000	14,999,360	2,550,000	14,999,360
Share issue expenses		-	(140,510)	-	(140,510)
Repayment of term loans		(17,281,639)	(20,392,246)	-	-
Interest paid		(4,241,909)	(3,027,168)	(1,432,406)	(1,487,357)
Issue of shares by subsidiary		661,303	112,500	-	-
Drawdown of term loans		5,000,000	49,321,334	-	-
Increase/(Decrease) in short-term borrowings		795,519	17,175,200	(8,000,000)	8,000,000
Payment of hire-purchase payables		(6,373,333)	(3,717,086)	-	-
Net Cash From/(Used In) Financing Activities		(18,890,059)	54,331,384	(10,385,066)	44,845,312
NET DECREASE IN CASH AND CASH EQUIVALENTS		(8,409,229)	(3,653,059)	(9,430,434)	(821,149)
Effect of exchange rate changes		73,101	40,429	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		13,916,933	17,529,563	9,752,692	10,573,841
CASH AND CASH EQUIVALENTS AT END OF YEAR	28	5,580,805	13,916,933	322,258	9,752,692

Note : During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM26,934,261 and RM3,354 (2007 : RM34,740,776 and RM16,299), respectively, of which RM10,205,648 and RMNil (2007 : RM6,446,217 and RMNil), respectively, was acquired under hire-purchase arrangements. Cash payments for the acquisition of property, plant and equipment amounted to RM16,728,613 and RM3,354 (2007 : RM28,294,559 and RM16,299), respectively.

The accompanying Notes form an integral part of the Financial Statements.

FRONTKEN CORPORTION BERHAD
AND ITS SUBSIDIARIES
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad.

The principal activity of the Company is that of investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 13.

There have been no significant changes in the nature of the activities of the Company and of its subsidiaries during the financial year.

The registered office of the Company is located at Suite 1603, 16th Floor, Wisma Lim Foo Yong, No. 86, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at Suite 516, Block E, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on April 28, 2009.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia.

Adoption of New and Revised Financial Reporting Standards

During the current financial year, the Group and the Company adopted all of the new and revised Financial Reporting Standards ("FRSs"), amendment to FRS and IC Interpretation issued by MASB that are relevant to their operations and effective for annual periods beginning on or after January 1, 2008 as follows:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 8	Scope of FRS 2

The adoption of the abovementioned revised FRSs, amendment to FRS and IC Interpretation have not resulted in substantial changes to the Group's and the Company's accounting policies and did not have any material financial effect on the financial statements of the Group and of the Company for the current and prior financial years.

Standards And Interpretations In Issue But Not Yet Adopted

At the date of authorisation for issue of these financial statements, the following FRSs and IC Interpretations were issued but not yet effective until future periods:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

Except for FRS 8 which is effective for annual periods beginning on or after July 1, 2009, the other FRSs and IC Interpretations are effective for annual periods beginning on or after January 1, 2010.

The Directors anticipate that the adoption of the applicable FRSs and IC Interpretations in future periods will have no material impact on the financial statements of the Group and of the Company. By virtue of the exemption provided in paragraph 103AB of FRS 139 and paragraph 44AB of FRS 7, the impact of applying FRS 139 and FRS 7 on the Group's and the Company's financial statements upon initial application of these standard as required by paragraph 30(b) of FRS 108 is not disclosed.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group made up to the end of the financial year. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the Group owns, directly or indirectly through subsidiaries, more than half of the voting power of the entity.

The results of subsidiaries acquired or disposed off during the year are included in the consolidated income statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Minority interest in the net assets of consolidated subsidiary is identified separately from the Group's equity therein. Minority interest consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business Combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3, Business Combinations, are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with FRS 5, Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statements.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of sales tax, trade discounts and allowances and after eliminating sales within the Group.

The Group and the Company recognises revenue when the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group and to the Company, upon satisfying the conditions of the Group's and of the Company's activities as set out below:

(i) **Services**

Revenue from services is recognised when the services are rendered and upon customer's acceptance.

(ii) **Sale of Goods**

Revenue from sales of goods are recognised upon delivery of products and when the risks and rewards of ownership have passed to the customers.

(iii) **Contracts**

Revenue relating to contracts are accounted for under the percentage of completion method.

(iv) **Management Fee and Interest Income**

Management fee and interest income is recognised on an accrual basis.

Foreign Currency

The individual financial statements of the subsidiaries are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair values were determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statements for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statements for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using exchange rates prevailing at the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised in the income statements in the period in which the foreign operations is disposed off.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Employee Benefits

Wages, salaries, paid annual leaves, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group and of the Company. Sick leaves are recognised when the absences occur.

The Group and the Company make statutory contributions to approved provident funds and contributions are charged to the income statements. Once the contributions have been paid, there are no further payment obligations. The approved provident funds are defined contribution plans.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year, calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet "liability" method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets, if any, is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to income statements, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the income statements, except when they relate to items credited or debited from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Impairment of Assets excluding Goodwill

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in income statements, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income statements, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group or to the Company and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to income statements in the period in which they are incurred.

Freehold land and capital work-in-progress are not depreciated. Freehold buildings are depreciated on a straight-line basis over 50 years while the long leasehold buildings are depreciated over the remaining terms of the lease of 50 years. Depreciation of other property, plant and equipment is computed on the straight-line basis to their residual values at rates based on the estimated useful lives. The principal annual rates used are as follows:

Factory and office renovation	10%
Plant and machinery	10% - 20%
Workshop tools	20%
Office equipment	33 1/3%
Furniture and fittings	20% - 33 1/3
Motor vehicles	14%
Computers	33%

Where significant parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

At each balance sheet date, the property, plant and equipment's residual values, useful lives and depreciation methods are reviewed, and the effect of any changes are recognised prospectively.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

Leased Assets

Assets under leases which in substance transfer the risks and benefits of ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the fair value of the leased assets which approximates the present value of the minimum lease payments, at the beginning of the respective lease terms.

Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statements over the term of the relevant lease period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statements as incurred.

Assets held under lease are depreciated over their expected useful on the same basis as owned assets.

Property, Plant and Equipment Acquired under Hire-Purchase Agreements

Property, plant and equipment acquired under hire-purchase agreements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Assets held under hire-purchase arrangement are depreciated over their expected useful lives on the same basis as owned assets.

Prepaid Lease Payments

Lease of land with title not expected to pass to the lessee by the end of the lease term is treated as operating lease as land normally has an indefinite economic life. The up-front payments made on entering into a lease or obtaining the right to a leasehold land that is accounted for as an operating lease, represents prepaid lease payments and are amortised on a straight-line basis over the remaining terms of the relevant lease.

Investments

Investment in unquoted shares of subsidiaries, which is eliminated on consolidation, is stated in the Company's financial statements at cost less any impairment losses.

Investment in unquoted shares of associates is stated in the Company's financial statements at cost less any impairment losses.

Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but has no control or joint control over those policies. Significant influence is presumed to exist when the Group owns, directly or indirectly not less than 20% of the voting power of the investee.

The results and assets and liabilities of associates are incorporated in the financial statements of the Group using the equity method of accounting based on the latest audited financial statements of the associates made up to December 31, 2008, except when the investment is classified as held for sale, in which case it is accounted for under FRS 5, Non-current Assets Held for Sale and Discontinued Operations, while dividends received are reflected as a reduction of the investment in the consolidated balance sheets.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in the value of individual investments. Losses of an associates in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised unless the Group has incurred obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities recognised of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities recognised over the cost of acquisition, after reassessment, is recognised immediately in the consolidated income statements.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where losses provide evidence of an impairment of the asset transferred, in which case, appropriate provision is made for impairment.

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequent measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described under "Investment in Associates" above.

Intangible asset

Intangible asset acquired separately is reported at cost less accumulated amortisation and any impairment losses. Intangible asset with finite useful lives is amortised on a straight-line basis over its estimated useful lives of 5 years. The estimated useful lives and amortisation method are reviewed at the end of each annual accounting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible asset with indefinite useful lives is not amortised. Each period, the useful lives of such asset is reviewed to determine whether events and circumstances in accordance with the policy described under "Impairment of Assets excluding Goodwill" above.

Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. The cost of raw materials comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods include the cost of raw materials, direct labour, other direct cost and appropriate production overheads. Net realisable value represents the estimated selling price less all other estimated costs to be incurred in marketing, selling and distribution.

Contracts Customers

When the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, measured based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Receivables

Receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimate of possible losses which may arise from non-collection of certain receivable accounts.

Deferred Income and Government Grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the balance sheets and transferred to income statements on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the period necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group which no future related costs are recognised in the income statements in the period in which they become receivable.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation, and when a reliable estimate of the amount can be made. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

At each balance sheet date, the provisions are reviewed by the directors and adjusted to reflect the current best estimate. The provisions are reversed if it is no longer probable that the Group and the Company will be required to settle the obligation.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other highly liquid investments with maturities of three months or less from the date of acquisition that are readily convertible to a known amount of cash with insignificant risk of changes in value.

Bank overdrafts which are repayable on demand included as a component of cash and cash equivalents are shown within bank borrowings in current liabilities.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and the Company's accounting policies, which are described in Note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) **Critical judgements in applying the Group's and the Company's accounting policies**

The following are critical judgements, apart from those involving estimations, that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Contract Customers

The Group recognises contract customers in the income statements by using the stage of percentage-of-completion method, which is the standard for similar industries.

The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Estimated losses are recognised in full when determined. Contract costs estimates are reviewed and revised periodically as work progresses and as variation orders are approved.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs as well as the recoverability of the project undertaken. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. If the Group is unable to make reasonably dependable estimates, the Group would not recognise any profit before a contract is completed, but would recognise a loss as soon as the loss becomes evident.

Adjustments based on the percentage-of-completion method are reflected in contract revenue in the reporting period. To the extent that these adjustments result in a reduction or elimination of previously reported amount due from contract customers and contract revenue and costs, the Group recognises a charge or credit against current earnings and amounts in prior periods, if any, are not restated.

Allowance for doubtful debts

The policy for allowance for doubtful debts of the Group and of the Company is based on the evaluation of collectibility and aging analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of the customers with which the Group and the Company deal with were to deteriorate, resulting in an impairment of their ability to make payments, an additional allowance may be required.

(ii) **Key sources of estimation uncertainty**

The directors believe that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except for the impairment of goodwill.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill at the balance sheet date was RM3,749,020 (2007: RM2,804,791).

5. **SEGMENT REPORTING**

Segment information is presented in respect of the Group's business and geographical segments. The primary format, geographical segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

The Group is principally engaged in one business segment which is the provision of engineering services.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The Group is organised into the following geographical segment:
- Malaysian
- Singapore
- Philippines
- Taiwan
- China
- Hong Kong

The Group 2008	Malaysia RM	Singapore RM	Philippines RM	Taiwan RM	China RM	Hong Kong RM	Elimination RM	Total RM
Revenue								
External sales	48,281,920	79,430,987	2,840,177	-	-	-	-	130,553,084
Inter-segment sales	727,693	11,129,313	1,188,630	-	-	-	(13,045,636)	-
Total revenue	49,009,613	90,560,300	4,028,807	-	-	-	(13,045,636)	130,553,084
Results								
Segment results	9,783,968	11,148,009	1,368,729	1,356,459	(24,846)	(4,443)	(1,806,900)	21,820,976
Share in results of associates								1,311,524
Interest income								520,419
Finance costs								(4,241,909)
Profit before tax								19,411,010
Income tax expense								(496,105)
Profit for the year								18,914,905

(Forward)

The Group 2008	Malaysia RM	Singapore RM	Philippines RM	Taiwan RM	China RM	Hong Kong RM	Elimination RM	Total RM
Assets								
Investment in associates	22,183,186	1,372,092	-	24,636,862	-	-	-	48,192,140
Segmental assets	116,082,939	137,757,870	4,784,425	132,704	1,587,382	8,048	(68,166,205)	192,187,163
Consolidated total assets								240,379,303
Liabilities								
Deferred tax liabilities	577,000	2,889,075	-	-	-	-	-	3,466,075
Segment liabilities	71,635,014	88,110,880	1,670,755	23,988,590	224,240	4,503	(71,039,189)	114,594,793
Consolidated total liabilities								118,060,868
Other Information								
Capital expenditure	4,752,717	22,140,756	40,788	-	-	-	-	26,934,261
Depreciation and amortisation	4,149,174	6,869,578	265,531	-	-	-	-	11,284,283

The Group 2007	**Malaysia RM**	**Singapore RM**	**Philippines RM**	**Taiwan RM**	**Elimination RM**	**Total RM**
Revenue						
External sales	30,532,711	73,718,794	1,100,169	-	-	105,351,674
Inter-segment sales	678,002	4,140,245	1,225,757	-	(6,044,004)	-
Total revenue	31,210,713	77,859,039	2,325,926	-	(6,044,004)	105,351,674
Results						
Segment results	3,002,521	8,794,097	(73,791)	452,350	(4,967,982)	7,207,195
Share in results of associates						2,415,848
Interest income						273,950
Finance costs						(3,027,168)
Profit before tax						6,869,825
Income tax expense						(2,466,191)
Profit for the year						4,403,634

(Forward)

The Group 2007	Malaysia RM	Singapore RM	Philippines RM	Taiwan RM	Elimination RM	Total RM
Assets						
Investment in associates	22,955,162	789,442	-	24,467,717	-	48,212,321
Tax recoverable	79,832	-	-	-	-	79,832
Segment assets	110,699,088	123,273,162	3,513,498	232,534	(77,441,707)	160,276,575
Consolidated total assets						208,568,728
Liabilities						
Deferred tax liabilities	1,085,000	3,218,429	-	-	-	4,303,429
Segment liabilities	78,704,578	79,278,556	1,480,393	24,737,406	(79,600,015)	104,600,918
Consolidated total liabilities						108,904,347
Other Information						
Capital expenditure	14,148,943	22,965,092	97,023	-	(375,666)	36,835,392
Depreciation and amortisation	3,507,238	5,511,492	265,743	-	-	9,284,473

6. REVENUE

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Provision of services	117,721,777	99,796,429	-	-
Contract customers	5,460,852	-	-	-
Sales of goods	7,370,455	5,555,245	-	-
Dividend income from associates	-	-	1,168,570	1,699,820
	130,553,084	105,351,674	1,168,570	1,699,820

7. FINANCE COSTS

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Interest expense on:				
Term loans	2,272,281	1,775,347	-	-
Hire-purchase	1,150,710	111,258	-	-
Short-term borrowings	463,246	452,434	463,248	452,434
Bank overdraft	355,672	688,129	-	-
Amount owing to subsidiaries	-	-	969,158	1,034,923
	4,241,909	3,027,168	1,432,406	1,487,357

8. PROFIT/(LOSS) BEFORE TAX

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

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Insurance compensation received	7,583,876	4,943,044	-	-
Changes in inventories of work-in-progress and finished goods	554,192	1,271,727	-	-
Interest income from:				
Subsidiaries	-	-	1,551,202	1,281,885
Third parties	520,419	273,950	429,794	215,727
Gain on disposal of property, plant and equipment	509,056	12,474	-	-

(Forward)

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Gain on dilution of investment in a former subsidiary to associate	311,833	-	-	-
Government grants	50,968	59,368	-	-
Purchase of finished goods	(40,944,570)	(22,081,299)	-	-
Staff costs	(33,226,529)	(30,516,740)	(234,066)	(139,313)
Depreciation of property, plant and equipment	(11,098,636)	(9,092,598)	(30,083)	(27,908)
Research and development expenditure	(1,976,243)	(1,635,374)	-	-
Directors' remuneration:				
Fees:				
Non-executive Directors	(144,000)	(144,000)	(144,000)	(144,000)
Salaries and other emoluments:				
Executive Directors	(1,794,157)	(1,626,977)	-	-
Non-executive Directors	(31,880)	-	-	-
Gain/(Loss) on foreign exchange - net:				
Unrealised	(1,352,145)	(654,620)	(1,039,824)	(141,780)
Realised	(462,305)	12,165	56,128	-
Auditors' remuneration	(434,000)	(294,740)	(50,000)	(40,000)
Losses arising from flood and fire incidents	(488,045)	(11,227,499)	-	-
Property, plant and equipment written off	(285,674)	(7,640,615)	-	-
Amortisation of intangible asset	(123,680)	(159,747)	-	-
Amortisation of prepaid lease payments	(61,967)	(32,128)	-	-
Inventories written off	-	(156,686)	-	-

(a) **Staff costs**

Staff costs include salaries, bonuses, contributions to statutory defined contribution plans and all other staff related expenses. Contributions to statutory defined contribution plans, included in staff costs, made by the Group and by the Company during the financial year amounted to RM2,340,588 (2007: RM1,804,489) and RM24,004 (2007: RM15,463) respectively.

(b) **Insurance compensation received and losses arising from flood and fire incidents**

In 2007, two incidents of fire occurred at the Group's plant located in Kulim, Kedah and Singapore. Also in 2007, the Group's plant located at Bukit Mertajam experienced two flood incidents.

The fire and flood incidents resulted in the following losses:

	The Group	
	2008	**2007**
	RM	**RM**
Property, plant and equipment written off	-	7,640,615
Compensation to customers for goods damaged	-	912,248
Inventories written off	-	99,963
Incremental operating costs resulting from the incidents	488,045	2,574,673
Total	488,045	11,227,499

The insurance compensation received and recognised as other income are as follows:

	The Group	
	2008	**2007**
	RM	**RM**
Insurance compensation received for fire incident in Kulim	2,633,609	1,000,000
Insurance compensation received for fire incident in Singapore	4,712,351	3,594,282
Insurance compensation received for flood incidents in Kulim	237,916	348,762
	7,583,876	4,943,044

(c) **Key management personnel compensation**

The remuneration of members of key management, which include directors, are as follows:

	The Group 2008 RM	The Group 2007 RM	The Company 2008 RM	The Company 2007 RM
Salaries, bonuses, allowances and contributions to EPF	4,584,051	4,222,392	287,564	200,148

The estimated monetary value of benefits-in-kind received and receivable by the key management otherwise than in cash from the Group amounted to RM1,400 (2007: RM2,100).

(d) **Directors' remuneration**

Contribution to EPF, included in directors' remuneration, made by the Group during the current financial year amounted to RM110,801 (2007: RM64,375).

9. INCOME TAX EXPENSE

	The Group 2008 RM	The Group 2007 RM	The Company 2008 RM	The Company 2007 RM
Estimated tax payable:				
Malaysian:				
Current year	584,000	404,000	-	-
(Over)/Underprovision in prior years	-	(8,402)	-	6,611
	584,000	395,598	-	6,611
Foreign:				
Current year	1,280,156	1,559,316	-	-
(Over)/Underprovision in prior years	(382,250)	465,264	-	-
	897,906	2,024,580	-	-
	1,481,906	2,420,178	-	6,611

(Forward)

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Deferred tax (Note 25):				
Current year	(412,565)	13,407	-	-
(Over)/Underprovision in prior years	(573,236)	32,606	-	-
	(985,801)	46,013	-	-
	496,105	2,466,191	-	6,611

A reconciliation of income tax expense at the applicable statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Profit/(Loss) before tax	19,411,010	6,869,825	(510,085)	29,496
Tax at the applicable tax rate of 26% (2007 : 27%)	5,046,863	1,854,853	(132,622)	7,964
Effect of different tax rate of other tax jurisdictions	(1,859,311)	(456,985)	-	-
Tax effects of:				
Non-deductible expenses	718,576	1,584,532	418,543	220,147
Income not subject to tax	(1,519,777)	(353,398)	(285,921)	(228,111)
Utilisation of deferred tax asset previously not recognised	(799,464)	-	-	-
Utilisation of unabsorbed reinvestment allowance	(273,547)	-	-	-
(Over)/Underprovision in prior years	(955,486)	489,468	-	6,611
Effect of share of results in associates	138,251	(652,279)	-	-
	496,105	2,466,191	-	6,611

A Malaysian subsidiary is entitled to claim reinvestment allowance under Schedule 7A of the Income Tax Act, 1967. As of December 31, 2008, the cumulative reinvestment allowance claimed is approximately RM6,000,000 (2007 : RM7,100,000) which is subject to agreement by the Inland Revenue Board. The said amount has not been utilised to offset against the said subsidiary business income as of December 31, 2008.

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2008	2007
	RM	RM
Profit for the year attributable to equity holders of the Company	18,850,507	4,005,997

	The Group	
	2008	2007
Number of shares in issue as of January 1	494,736,000	475,000,000
Effects of:		
Private placement	3,525,410	8,543,255
Bonus issue	199,934,400	199,934,400
Weighted average number of ordinary shares of RM0.10 each	698,195,810	683,477,655
Basic earnings per ordinary share attributable to equity holders of the Company (sen)	2.7	0.6

The weighted average number of ordinary shares of RM0.10 each in 2007 has been adjusted to incorporate the effect of the bonus issue during the current financial year.

Diluted

The basic and diluted earnings per share are equal as the Company has no dilutive potential ordinary shares.

11. PROPERTY, PLANT AND EQUIPMENT

The Group	COST: Balance as of January 1, 2007 RM	Foreign currency translation differences RM	Reclassification RM	Additions RM	Write-offs RM	Disposals RM	Balance as of December 31, 2007 RM
Freehold land	1,552,634	-	-	1,500,241	-	-	3,052,875
Freehold buildings	1,160,451	-	-	-	-	-	1,160,451
Long leasehold buildings	24,102,855	(42,596)	-	2,916,359	(5,064,567)	-	21,912,051
Factory and office renovation	9,170,418	24,570	-	1,065,733	(954,005)	-	9,306,716
Plant and machinery	58,356,514	181,921	-	13,749,398	(2,563,473)	(589,145)	69,135,215
Workshop tools	592,318	-	-	653,816	(35,270)		1,210,864
Office equipment	2,539,358	(2,547)	(1,600)	1,404,587	(47,831)	(27,751)	3,864,216
Furniture and fittings	458,548	1,006	1,600	52,180	(21,270)	(32,452)	459,612
Motor vehicles	3,627,110	(75)	-	599,961	-	-	4,226,996
Computers	391,827	881	-	92,269	-	(21,632)	463,345
Capital work-in-progress	-	-	-	12,706,232	-	-	12,706,232
Total	101,952,033	163,160	-	34,740,776	(8,686,416)	(670,980)	127,498,573

(Forward)

The Group	Balance as of January 1, 2008 RM	Foreign currency translation differences RM	Reclassification RM	Additions RM	Write-offs RM	Disposals RM	Balance as of December 31, 2008 RM
Freehold land	3,052,875	-	-	-	-	-	3,052,875
Freehold buildings	1,160,451	-	-	-	-	-	1,160,451
Long leasehold building	21,912,051	758,323	10,523,524	-	-	(2,984,317)	30,209,581
Factory and office renovation	9,306,716	266,651	706,206	7,093,681	(163,183)	(12,470)	17,197,601
Plant and machinery	69,135,215	2,121,938	2,227,226	17,990,992	(1,015,127)	(228,386)	90,231,858
Workshop tools	1,210,864	-	-	261,841	-	(74,480)	1,398,225
Office equipment	3,864,216	144,350	(141,317)	1,099,620	(91,831)	(94,662)	4,780,376
Furniture and fittings	459,612	(95)	-	30,789	(938)	(8,330)	481,038
Motor vehicles	4,226,996	146,567	-	300,925	-	(324,090)	4,350,398
Computers	463,345	(505)	-	90,529	(11,818)	(13,615)	527,936
Capital work-in-progress	12,706,232	616,878	(13,315,639)	65,884	-	-	73,355
Total	127,498,573	4,054,107	-	26,934,261	(1,282,897)	(3,740,350)	153,463,694

(Forward)

The Group	Balance as of January 1, 2007 RM	Arising from acquisition of subsidiaries RM	Foreign currency translation differences RM	Charge for the year RM	Disposals RM	Balance as of December 31, 2007 RM
	ACCUMULATED DEPRECIATION					
Freehold land	-	-	-	-	-	-
Freehold buildings	89,732	-	-	23,209	-	112,941
Long leasehold building	3,211,980	(2,609)	(337,922)	892,199	-	3,763,648
Factory and office renovation	1,697,337	8,283	(93,226)	705,335	-	2,317,729
Plant and machinery	17,259,643	67,278	(602,637)	5,746,443	(113,664)	22,357,063
Workshop tools	226,344	-	(6,779)	192,123	-	411,688
Office equipment	1,447,990	1,588	(3,063)	665,407	(27,751)	2,084,171
Furniture and fittings	103,703	1,021	(2,174)	90,080	(32,452)	160,178
Motor vehicles	1,570,543	1,686	-	651,878	-	2,224,107
Computers	133,630	604	-	125,924	(17,605)	242,553
Capital work-in-progress	-	-	-	-	-	-
Total	25,740,902	77,851	(1,045,801)	9,092,598	(191,472)	33,674,078

(Forward)

The Group	ACCUMULATED DEPRECIATION Balance as of January 1, 2008 RM	Foreign currency translation differences RM	Charge for the year RM	Write-offs RM	Disposals RM	Balance as of December 31, 2008 RM	NET BOOK VALUE Balance as of December 31, 2008 RM	Balance as of December 31, 2007 RM
Freehold land	-	-	-	-	-	-	3,052,875	3,052,875
Freehold buildings	112,941	-	23,209	-	-	136,150	1,024,301	1,047,510
Long leasehold building	3,763,648	203,125	1,083,428	-	(402,431)	4,647,770	25,561,811	18,148,403
Factory and office renovation	2,317,729	81,389	893,193	(74,553)	(1,814)	3,215,944	13,981,657	6,988,987
Plant and machinery	22,357,063	812,148	7,048,670	(834,180)	(77,279)	29,306,422	60,925,436	46,778,152
Workshop tools	411,688	-	253,721	-	(3,484)	661,925	736,300	799,176
Office equipment	2,084,171	100,225	913,459	(81,886)	(45,047)	2,970,922	1,809,454	1,780,045
Furniture and fittings	160,178	(30)	91,278	(226)	(2,022)	249,178	231,860	299,434
Motor vehicles	2,224,107	100,283	665,402	-	(51,059)	2,938,733	1,411,665	2,002,889
Computers	242,553	(315)	126,276	(6,378)	(5,198)	356,938	170,998	220,792
Capital work-in-progress	-	-	-	-	-	-	73,355	12,706,232
Total	33,674,078	1,296,825	11,098,636	(997,223)	(588,334)	44,483,982	108,979,712	93,824,495

(Forward)

The Company	COST					
	Balance as of January 1, 2007 RM	Additions RM	Balance as of December 31, 2007 RM	Balance as of January 1, 2008 RM	Additions RM	Balance as of December 31, 2008 RM
Office renovation	47,329	-	47,329	47,329	-	47,329
Office equipment	28,839	699	29,538	29,538	2,050	31,588
Furniture and fittings	26,770	3,235	30,005	30,005	-	30,005
Computers	13,243	12,365	25,608	25,608	1,304	26,912
Total	116,181	16,299	132,480	132,480	3,354	135,834

The Company	ACCUMULATED DEPRECIATION						NET BOOK VALUE	
	Balance as of January 1, 2007 RM	Charge for the year RM	Balance as of December 31, 2007 RM	Balance as of January 1, 2008 RM	Charge for the year RM	Balance as of December 31, 2008 RM	Balance as of December 31, 2008 RM	Balance as of December 31, 2007 RM
Office renovation	3,155	4,733	7,888	7,888	4,733	12,621	34,708	39,441
Office equipment	3,967	9,749	13,716	13,716	10,130	23,846	7,742	15,822
Furniture and fittings	3,633	5,921	9,554	9,554	6,479	16,033	13,972	20,451
Computers	1,496	7,505	9,001	9,001	8,741	17,742	9,170	16,607
Total	12,251	27,908	40,159	40,159	30,083	70,242	65,592	92,321

As of December 31, 2008, freehold land and buildings, long leasehold buildings and plant and machinery of the Group with total net book value totalling RM33,191,727 (2007: RM25,801,527) have been charged as collateral to certain banks for term loans and bank borrowings facilities granted to the Group as mentioned in Note 22.

Included in property, plant and equipment of the Group are property, plant and equipment acquired under hire-purchase arrangements with net book value totalling RM26,891,825 (2007: RM25,715,092).

12. PREPAID LEASE PAYMENTS

	The Group	
	2008	**2007**
	RM	**RM**
Cost:		
At beginning of year	3,664,274	1,569,659
Additions	-	2,094,615
At end of year	3,664,274	3,664,274
Cumulative amortisation:		
At beginning of year	49,569	17,441
Additions	61,967	32,128
At end of year	111,536	49,569
Net:		
At end of year	3,552,738	3,614,705

Prepaid lease payments of the Group relate to lease rental paid for two parcels of long leasehold land on which the Group's factory buildings are located and the lease will expire in year 2066.

The long leasehold land of the Group have been pledged to certain banks for term loans granted to the Group as mentioned in Note 22.

13. INVESTMENT IN SUBSIDIARIES

	The Company	
	2008	**2007**
	RM	**RM**
Unquoted shares - at cost	29,923,851	29,231,047

Details of the subsidiaries are as follows:

Name of Companies	Country of Incorporation	Effective Equity Interest 2008 %	2007 %	Principal Activities
Direct Subsidiary				
Frontken (Singapore) Pte. Ltd. [1]	Singapore	100	100	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
Frontken Technology Corporation [1]	Taiwan	100	100	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
PT Frontken Indonesia [3]	Indonesia	95	-	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
Frontken MIC Co. Limited [2]	Hong Kong	50	-	Investment holding and provision of management services.

(Forward)

Name of Companies	Country of Incorporation	Effective Equity Interest 2008 %	2007 %	Principal Activities
Indirect Subsidiary				
Frontken Malaysia Sdn. Bhd.	Malaysia	100	100	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
Metall-Treat Industries Pte. Ltd. [1]	Singapore	100	100	Electroplating and plating of metals and formed products.
Frontken Philippines Inc [2]	Philippines	99.99	99.99	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
Frontken (East Malaysia) Sdn. Bhd. (formerly known as Frontken-AMT Engineering Sdn. Bhd.)	Malaysia	100	58.2	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
Frontken (Johor) Sdn. Bhd. [2]	Malaysia	100	-	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes, including mechanical and chemical engineering services.

(Forward)

Name of Companies	Country of Incorporation	Effective Equity Interest 2008 %	2007 %	Principal Activities
Frontken MIC (Wuxi) Co. Ltd. [3]	China	50	-	Provision of cleaning of specialised equipment for semiconductor devices, integrated circuits and components, and research and development of semiconductor cleaning technology.
Frontken Petroleum Sdn. Bhd. [4]	Malaysia	-	55	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering services.

1 The financial statements of the subsidiary are examined by a member firm of Deloitte & Touche.

2 The financial statements of the subsidiary are examined by auditors other than the auditors of the Company.

3 The financial statements of the said subsidiary are examined for consolidation purposes.

4 During the financial year, Frontken Petroleum Sdn. Bhd. ("FP"), a former indirect subsidiary of the Group, increased its issued and paid-up share capital from RM250,000 to RM300,000 by way of allotment and issuance of 50,000 new ordinary shares of RM1.00 each at par. Consequent to the issuance of the new ordinary shares, the Group's interest in FP decreased from 55% to 45.80% and FP ceases to be an indirect subsidiary of the Company.

Amount owing by/(to) subsidiaries arose mainly from unsecured advances and payments made on behalf. The amount arising from unsecured advances bears interest at 5% (2007: 5%) per annum and has no fixed repayment terms while the amount arising from payments made on behalf is interest-free and has no fixed repayment terms.

New subsidiaries in 2008

As mentioned in Note 31:

(a) the Company was allotted 1,560,008 ordinary shares of HK$1.00 each for a total consideration of HK$1,560,008 in Frontken MIC Co. Limited ("FMIC"). This represents approximately 50% of the total issued share capital of FMIC. The remaining 1,559,992 ordinary shares of HK$1.00 each in FMIC are held by MIC-Tech Venture Asia Pacific Inc..

(b) the Group, via its wholly-owned subsidiary, Frontken Malaysia Sdn. Bhd. ("FM"), completed the acquisition of 908,000 ordinary shares of RM1.00 each in Frontken (East Malaysia) Sdn. Bhd. ("FEM") (formerly known as Frontken-AMT Engineering Sdn. Bhd.), an existing subsidiary, representing the remaining 41.88% equity interest in FEM. Consequently, FEM became a wholly-owned subsidiary of the Group.

The said acquisition gave rise to goodwill on consolidation amounting to RM805,811 (Note 15).

(c) the Group, via its wholly-owned subsidiary, FM, acquired 2 ordinary shares of RM1.00 each in Frontken (Johor) Sdn. Bhd. ("FJ"), representing 100% of the issued and paid-up share capital of FJ for a cash consideration of RM2.

(d) the Company incorporated Frontken-MIC (Wuxi) Co. Limited ("FMIC-W") in China. FMIC-W is a wholly-owned subsidiary of FMIC, in which the Company holds approximately 50% equity interest.

(e) the Company incorporated a new subsidiary, PT Frontken Indonesia ("FI") in Indonesia. The authorised and issued and paid-up capital of FI is USD$300,000 comprising 300,000 ordinary shares of USD1.00 each. The Company was allotted 285,000 ordinary shares of USD1.00, representing 95% issued and paid-up capital of FI and the remaining 5% is held by an individual shareholder.

14. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Quoted shares - at cost	49,102,207	49,102,207	22,955,162	22,955,162
Unquoted shares - at cost	1,216,779	789,442	-	-
	50,318,986	49,891,649	22,955,162	22,955,162
Share of post-acquisition results	3,727,372	2,415,848	-	-
Dividend received	(6,803,222)	(4,023,854)	-	-
Foreign currency translation differences	949,004	(71,322)	-	-
	48,192,140	48,212,321	22,955,162	22,955,162
Market value of quoted shares	16,008,538	42,043,306	7,223,040	18,969,908

The summarised financial information of the associates are as follows:

	The Group	
	2008	2007
	RM	RM
Current assets	35,154,368	34,914,054
Non-current assets	62,019,365	60,896,252
Current liabilities	(20,047,326)	(25,267,762)
Non-current liabilities	(21,125,847)	(11,881,205)
Net Assets	56,000,560	58,661,339
Revenue	55,701,813	61,585,202
Profit for the year	3,163,791	9,249,653
Group's share of results for the year	1,311,524	2,415,848

Details of the associates are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2008 %	Effective Equity Interest 2007 %	Principal Activities
Frontken (Thailand) Co., Ltd	Thailand	49	39	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
Ares Green Technology Corporation	Taiwan	42.11	42.11	Provision of surface treatment and advanced precision cleaning for the TFT - LCD (Thin Film Transistor - Liquid Crystal display) and semi-conductor industries.
Frontken Petroleum Sdn. Bhd.	Malaysia	45.8	-	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
Frontken BumiMaju Sdn. Bhd. (formerly known as Hecserv Sdn. Bhd.)	Malaysia	30	-	Trading in machineries, machine parts and equipment and providing engineering services.

As mentioned in Note 31:

(a) the Group, via its wholly-owned subsidiary, Frontken (Singapore) Pte. Ltd. ("FS"), subscribed for an additional 392,000 new ordinary shares of THB10.00 each in Frontken (Thailand) Co. Ltd. ("FT"), by way of capitalising an amount of THB3,920,000 (equivalent to approximately RM384,000 based on an exchange rate of THB100:RM9.8048) representing a portion of the amount owing by FT to FS. Consequently, the Group's interest in FT increased from 39% to 49% of the issued and paid-up share capital of FT.

(b) Frontken Petroleum Sdn. Bhd. ("FP"), a former indirect subsidiary of the Group, increased the issued and paid-up share capital from RM250,000 to RM300,000 by way of allotment and issuance of 50,000 new ordinary shares of RM1.00 each at par. Consequent to the issuance of new ordinary shares, the Group's interest in FP decreased from 55% to 45.80% and FP ceases to be an indirect subsidiary of the Group.

(c) the Group, via its wholly-owned subsidiary, FM, acquired 30,000 ordinary shares of RM1.00 each in Frontken BumiMaju Sdn. Bhd. (formerly known as Hecserv Sdn. Bhd.) ("FB"), representing 30% of the issued and paid-up capital of FB for a cash consideration of RM23,500.

Amount owing by/(to) associates, which arose mainly from trade transactions and advances, is unsecured, interest-free and has no fixed repayment terms.

15. GOODWILL ON CONSOLIDATION

	The Group	
	2008	**2007**
	RM	**RM**
At beginning of year	2,804,791	2,842,942
Arising from acquisition of additional equity interest in a subsidiary	805,811	-
Foreign currency translation differences	138,418	(38,151)
At end of year	3,749,020	2,804,791

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	The Group	
	2008	**2007**
	RM	**RM**
Metall-Treat Industries Pte. Ltd.	2,943,209	2,804,791
Frontken (East Malaysia) Sdn. Bhd. (formerly known as Frontken-AMT Engineering Sdn. Bhd.)	805,811	-
	3,749,020	2,804,791

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value in use calculation. The key assumptions for the value in use calculation are those regarding the discount rates, growth rates and expected changes to pricing and direct costs during the period. Management estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the CGU. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. These calculations use pre-tax cash flow projections based on financial budgets approved by management and extrapolated cash flows for a three year period based on growth rates consistent with the long-term average growth rate for the industry. The rate used to discount the forecasted cash flows reflect specific risks and expected returns relating to the industry. Management determined budgeted gross margin based on past performance and its expectations of market development.

16. INTANGIBLE ASSET

	The Group	
	2008	**2007**
	RM	**RM**
Licence fees - at cost:		
At beginning and end of year	781,935	781,935
Accumulated amortisation:		
At beginning of year	664,871	505,124
Charge for the year	123,680	159,747
At end of year	(788,551)	(664,871)
Foreign currency translation differences	6,616	3,361
Net	-	120,425

17. INVENTORIES

	The Group	
	2008	**2007**
	RM	**RM**
Raw materials	3,170,150	2,553,700
Work-in-progress	1,752,415	1,943,670
Finished goods	987,602	695,630
	5,910,167	5,193,000

18. AMOUNT DUE FROM CONTRACT CUSTOMERS

	The Group	
	2008	2007
	RM	RM
Contract costs incurred plus recognised profits	6,129,727	215,400
Less: Progress billings	(5,460,852)	-
	668,875	215,400
Represents:		
Amount due from contracts customer	668,875	215,400

19. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

Trade receivables of the Group comprise amounts outstanding for the provision of services and sales of goods. The credit period granted to customers ranges from 30 to 90 days (2007: 30 to 60 days).

Included in trade receivables of the Group are the following amounts owing to related parties:

	The Group	
	2008	2007
	RM	RM
Chinyee Engineering & Machinery Pte. Ltd.	-	12,751
A& I Engine Rebuilders Sdn. Bhd.	-	2,139
AMT Engineering Sdn. Bhd.	95,420	-
	95,420	14,890

The said amount, which arose mainly from trade transactions, is unsecured, interest-free and has no fixed repayment terms.

The related parties and their relationship with the Group are as follows:

Name of related party	Relationship
Chinyee Engineering & Machinery Pte. Ltd.	A company in which Wong Hua Choon, Yeo Lay Poh and Dr. Tay Kiang Meng, directors of the Company, are also directors and have financial interest.
A& I Engine Rebuilders Sdn. Bhd.	A company in which Sia Chiok Meng, a director of a subsidiary, is a director and has financial interests.
AMT Engineering Sdn. Bhd.	A company in which Sia Chiok Meng, a director of a subsidiary, is a director and has financial interests.

Significant transactions undertaken with related parties during the financial year are as follows:

	The Group	
	2008	2007
	RM	RM
Chinyee Engineering & Machinery Pte. Ltd.		
Sales	557,698	425,668
Purchases	3,945,671	1,600,701
A& I Engine Rebuilders Sdn. Bhd.		
Sales	520	2,370
Purchases	-	840
AMT Engineering Sdn. Bhd.		
Sales	25,955	-
Purchases	41,569	-

Other receivables and prepaid expenses consist of:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Other receivables	991,877	828,882	255	352
Deposits	11,317,584	1,694,375	27,496	24,070
Prepayments	994,819	911,888	1,344	25,788
	13,304,280	3,435,145	29,095	50,210

The currencies exposure profile of trade and other receivables of the Group and of the Company is as follows:

	The Group	
	2008	2007
	RM	RM
Trade receivables		
Ringgit Malaysia	20,570,938	11,722,851
Singapore Dollar	15,771,817	15,468,124
United States Dollar	3,804,526	5,557,125
Philippines Peso	1,176,387	867,849
	41,323,668	33,615,949

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Other receivables				
Singapore Dollar	634,585	191,736	-	-
Ringgit Malaysia	198,844	1,064,857	255	352
Philippines Peso	153,421	120,295	-	-
Chinese Renminbi	4,807	-	-	-
New Taiwan Dollar	220	22,140	-	-
	991,877	1,399,028	255	352

20. SHARE CAPITAL

	The Group and The Company	
	2008	2007
	RM	RM
Authorised:		
Ordinary shares of RM0.10 each:		
At beginning of year	100,000,000	50,000,000
Created during the year	-	50,000,000
At end of year	100,000,000	100,000,000

(Forward)

	The Group and The Company 2008 RM	The Group and The Company 2007 RM
Issued and fully paid:		
Ordinary shares of RM0.10 each		
At beginning of year	49,473,600	47,500,000
Issued during the year:		
Private placement	510,000	1,973,600
Bonus issue	19,993,440	-
	20,503,440	1,973,600
At end of year	69,977,040	49,473,600

During the financial year, the issued and paid-up share capital of the Company was increased from RM49,473,600 to 69,977,040 pursuant to the following:

(a) Issuance of 5,100,000 new ordinary shares of RM0.10 each at an issue price of RM0.50 per share pursuant to the Private Placement on April 23, 2008; and

(b) Issuance of 199,934,400 new ordinary shares of RM0.10 each pursuant to the bonus issue on November 18, 2008, through the capitalisation of RM19,993,440 from the share premium on the basis of two (2) new shares for every five (5) shares held.

The resulting share premium of RM2,040,000 arising from the private placement exercise was credited to the share premium account.

These new shares issued rank pari passu in all material respects with the then existing shares of the Company.

21. RESERVES

	The Group 2008 RM	The Group 2007 RM	The Company 2008 RM	The Company 2007 RM
Non-distributable:				
Share premium	5,934,537	23,887,977	5,934,537	23,887,977
Foreign currency translation reserve	2,745,468	473,428	-	-
	8,680,005	24,361,405	5,934,537	23,887,977

Share premium

Share premium arose from the following:

	The Group and The Company 2008 RM	2007 RM
At beginning of year	23,887,977	11,002,727
Private placement exercise of 19,736,000 ordinary shares at a premium of RM0.66 per ordinary share, net of share issue expenses of RM140,510 in 2007	-	12,885,250
Private placement exercise of 5,100,000 ordinary shares at a premium of RM0.40 per ordinary share in 2008	2,040,000	-
Bonus issue of 199,934,400 ordinary shares at RM0.10 per ordinary share in 2008	(19,993,440)	-
At end of year	5,934,537	23,887,977

Foreign currency translation reserve

Foreign currency translation differences arising from the translation of the financial statements of foreign subsidiaries are taken to the foreign currency translation reserve as described in the significant accounting policies.

22. TERM LOANS

	The Group 2008 RM	2007 RM
Principal outstanding	42,043,964	43,650,126
Less: Portion due within one year (Note 27)	(8,843,490)	(7,799,721)
Non-current portion	33,200,474	35,850,405

The non-current portion is repayable as follows:

	The Group	
	2008	2007
	RM	RM
2009	-	7,792,548
2010	8,577,348	7,838,540
2011	7,206,945	6,514,162
2012	4,115,005	6,540,802
2013 and thereafter	13,301,176	7,164,353
	33,200,474	35,850,405

As of December 31, 2008, the Group have the following term loan facilities:

(a) Five (2007 : Three) term loans facilities totalling RM8,548,248 (2007: RM4,398,230), obtained by a local incorporated subsidiary, which bears interest ranging from 5.5% to 7.75% (2007: 7.25% to 7.75%) per annum and are repayable in equal monthly instalments over 33 to 110 (2007: 94 to 119) months;

(b) Two (2007 : Two) term loans facilities totalling RM22,484,973 (2007: RM26,592,304), obtained by a Singapore incorporated subsidiary, which bears interest at rates ranging from 4.5% to 5.25% (2007: 4.50% to 5.25%) per annum and are repayable in equal monthly instalments over 38 to 67 (2007: 50 to 79) months;

(c) One (2007: Two) term loan facility totalling RM8,001,143 (2007: RM8,277,892), obtained by another Singapore incorporated subsidiary, which bears interest of 4.5% (2007: 4.4% to 4.75% per annum) and are repayable in equal monthly instalments of 154 (2007: 2 to 166) months;

(d) One (2007: One) term loan facility of RM3,009,600 (2007: RM4,381,700) obtained by a Taiwan incorporated subsidiary, which bears interest at 4.6% per annum and is repayable yearly over the next 2 years.

The term loans and bank borrowings as mentioned in Note 27 are secured by the following:

(a) legal charges over the freehold land and factory building of the Group as disclosed in Note 11;

(b) legal charges over the prepaid lease payments relating to the leases of two parcel of long leasehold land of the Group as mentioned in Note 12; and

(c) corporate guarantees by the Company.

The currencies exposure profile of term loans of the Group is analysed as follows:

	The Group	
	2008	2007
	RM	RM
Singapore Dollar	30,486,116	34,870,196
Ringgit Malaysia	8,548,248	4,398,230
New Taiwan Dollar	3,009,600	4,381,700
	42,043,964	43,650,126

23. DEFERRED INCOME

This represents asset-related government grants and is recognised in the income statements over the useful lives of the related assets.

	The Group	
	2008	2007
	RM	RM
At beginning of year	67,969	127,847
Foreign currency translation differences	2,247	(510)
At end of year	70,216	127,337
Transferred to income statements	(50,968)	(59,368)
	19,248	67,969
Less: To be transferred to income statements within one year	(19,248)	(49,626)
	-	18,343

24. HIRE-PURCHASE PAYABLES

	The Group	
	2008	2007
	RM	RM
Total outstanding	20,673,960	15,958,621
Less: Interest-in-suspense	(2,675,875)	(2,126,993)
Principal outstanding	17,998,085	13,831,628
Less: Amount due within 12 months (included under current liabilities)	(5,906,750)	(4,472,008)
Non-current portion	12,091,335	9,359,620

The non-current portion is payable as follows:

	The Group	
	2008	2007
	RM	RM
Financial years ending December 31:		
2009	-	3,419,723
2010	5,287,327	3,390,398
2011	3,574,691	1,892,841
2012	2,421,832	656,658
2013 and thereafter	807,485	-
	12,091,335	9,359,620

It is the Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The average term of hire purchase is about 3 to 7 years (2007: 3 to 5 years). The interest rates implicit in the hire-purchase obligations ranges from 2.5% to 5.5% (2007: 2.5% to 5.5%) per annum.

The Group's hire-purchase payables are secured by the financial institutions' charge over the assets under hire-purchase as disclosed in Note 11.

The currencies exposure profile of hire-purchase payables of the Group is analysed as follows:

	The Group	
	2008	2007
	RM	RM
Ringgit Malaysia	11,539,851	7,060,792
Singapore Dollar	6,458,234	6,770,836
	17,998,085	13,831,628

25. DEFERRED TAX LIABILITIES

	The Group	
	2008	2007
	RM	RM
At beginning of year	4,303,429	4,262,369
Transfer from income statements (Note 9)	(985,801)	46,013
Foreign currency translation differences	148,447	(4,953)
At end of year	3,466,075	4,303,429

The net deferred tax liabilities are in respect of the tax effects of the following:

	The Group Deferred Tax (Asset)/Liability	
	2008	2007
	RM	RM
Temporary differences arising from property, plant and equipment	4,318,040	5,903,429
Unabsorbed capital allowances	(799,464)	(1,600,000)
Others	(52,501)	-
	3,466,075	4,303,429

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax asset are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of December 31, 2008, the estimated amount of net deferred tax asset, calculated at the current tax rate which has not been recognised in the financial statements of the Group due to uncertainty of its realisation, is as follows:

	Deferred Tax Asset The Group	
	2008	**2007**
	RM	**RM**
Unabsorbed capital allowances	-	799,464

The unabsorbed capital allowances are subject to the agreement of the tax authorities.

26. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables of the Group comprise amounts outstanding for trade purchases. The credit period granted to the Group and the Company for trade purchases ranges from 30 to 60 days (2007: 30 to 60 days).

The currencies exposure profile of trade payables of the Group is analysed as follows:

	The Group	
	2008	**2007**
	RM	**RM**
Singapore Dollar	14,103,365	7,501,760
United States Dollar	3,979,022	1,885,279
Ringgit Malaysia	1,212,943	3,783,623
Philippines Peso	121,755	254,003
Chinese Renminbi	35,678	-
Thai Baht	-	352,761
Euro	-	18,471
	19,452,763	13,795,897

Other payables and accrued expenses consist of:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Other payables	12,876,673	6,868,689	159,240	121,942
Accrued expenses	5,318,508	4,044,897	186,379	197,198
	18,195,181	10,913,586	345,619	319,140

The currencies exposure profile of other payables of the Group and of the Company is as follows:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Japanese Yen	8,534,991	-	-	-
Ringgit Malaysia	1,595,040	2,150,831	159,240	121,942
Singapore Dollar	1,328,130	4,689,992	-	-
United States Dollar	579,252	-	-	-
Australian Dollar	570,729	-	-	-
Chinese Renminbi	149,772	-	-	-
Philippines Peso	118,759	27,866	-	-
	12,876,673	6,868,689	159,240	121,942

27. BANK BORROWINGS

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Bank overdrafts	5,617,839	2,920,849	-	-
Short-term borrowings	9,628,000	17,175,200	-	8,000,000
Term loans - current portion (Note 22)	8,843,490	7,799,721	-	-
	24,089,329	27,895,770	-	8,000,000

As of December 31, 2008, the Group has bank overdraft facilities totalling RM8,854,700 (2007: RM9,016,980) obtained from licensed banks. The amount utilised bears interest at rates ranging from 5.00% to 6.15% (2007: 5.00% to 7.35%) per annum.

The Group has a money market loan facility of RM9,628,000 (2007 : RM9,175,200) obtained by a Singapore incorporated subsidiary, which bears interest at 5.00% (2007 : 5.00%) per annum and is repayable within the next 6 months.

The securities for the bank borrowings are disclosed in Note 22.

28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Fixed deposits with licensed banks	758,232	7,315,289	-	7,055,000
Cash and bank balances	10,440,412	9,522,493	322,258	2,697,692
	11,198,644	16,837,782	322,258	9,752,692
Less: Bank overdrafts (Note 27)	(5,617,839)	(2,920,849)	-	-
	5,580,805	13,916,933	322,258	9,752,692

Fixed deposits with licensed bank earn interest at 3% (2007: 3%) per annum and have average maturity period 30 (2007: 30) days.

The currencies exposure profile of cash and cash equivalents is as follows:

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
United States Dollar	2,214,201	711,216	-	-
Ringgit Malaysia	1,879,305	11,775,670	265,674	9,675,150
Singapore Dollar	324,735	998,160	-	-
New Taiwan Dollar	166,206	287,937	56,584	77,542
Philippines Peso	340,530	143,950	-	-
Chinese Renminbi	655,828	-	-	-
	5,580,805	13,916,933	322,258	9,752,692

29. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group has taken measures to minimise its exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

(i) **Foreign currency risk**

The Group undertakes certain trade transactions in Singapore Dollar and United States Dollar with foreign entities and therefore is exposed to foreign currency risks. Exposures to foreign currency risk are monitored on an on-going basis.

(ii) **Interest rate risk**

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing short-term borrowings and term loans. The interest rates of term loans and bank borrowings of the Company are disclosed in Notes 22 and 27. Interest rate of hire-purchase payables, which is disclosed in Note 24, is fixed at the inception of the financing arrangement.

(iii) **Credit risk**

The Group is exposed to credit risk mainly from trade receivables. The Company extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history.

(iv) **Liquidity risk**

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

(v) **Cash flow risk**

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Financial Assets

The principal financial assets of the Group are cash and bank balances, fixed deposit with licensed banks, trade and other receivables and amount owing by associates.

The principal financial assets of the Company also include amount owing by subsidiaries.

The accounting policies applicable to the major financial instruments are as disclosed in Note 3.

Financial Liabilities

Debts and equity instruments are classified as liability or equity in accordance with the substance of the contractual arrangement.

Significant financial liabilities of the Group include trade and other payables, hire-purchase payables, amount owing to associates, bank overdrafts and term loans, which are stated at their nominal values.

The principal financial liabilities of the Company also include amount owing to subsidiaries.

Term loans are recorded at the proceeds received. Finance charges are accounted for on an accrual basis.

Fair Values

The carrying amount of the financial assets and financial liabilities of the Group reported in the balance sheets approximate their fair values because of the immediate or short maturity period for these financial instruments except for the following:

	The Group			
	2008		2007	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial liabilities				
Term loans (Note 22)	42,043,964	44,900,528	43,650,126	36,400,189
Hire-purchase payables (Note 24)	17,998,085	20,673,960	13,831,628	15,958,621

Hire-purchase payables and term loans

The fair values of hire-purchase payables and term loans are estimated using discounted cash flow analysis based on current financing/borrowing rates for similar types of financing/borrowing arrangements.

30. CAPITAL COMMITMENTS

As of December 31, 2008, the Group has the following capital commitments:

	The Group	
	2008	2007
	RM	RM
Approved and contracted for:		
Property, plant and equipment	12,631,000	6,349,698
Investments	-	1,032,000
	12,631,000	7,381,698

31. SIGNIFICANT CORPORATE EVENTS

During the financial year:

(i) On January 28, 2008, the Company was allotted 1,560,008 ordinary shares of HK$1.00 each for a total consideration of HK$1,560,008 (approximately RM648,000 based on an exchange rate of HKD100:RM41.5383) in Frontken MIC Co. Limited ("FMIC"). This represents approximately 50% of the total issued share capital of FMIC. The remaining 1,559,992 ordinary shares of HK$1.00 each in FMIC are held by MIC-Tech Venture Asia Pacific Inc.. The allotted shares will be paid up when calls are made by the directors of FMIC as and when FMIC requires capital.

(ii) On January 30, 2008, the Group, via its wholly-owned subsidiary, Frontken (Singapore) Pte. Ltd. ("FS"), subscribed for an additional 392,000 new ordinary shares of THB10.00 each in Frontken (Thailand) Co. Ltd. ("FT"), by way of capitalising an amount of THB3,920,000 (equivalent to approximately RM384,000 based on an exchange rate of THB100:RM9.8048) representing a portion of the amount owing by FT to FS. Consequently, the Group's interest in FT increased from 39% to 49% of the issued and paid-up share capital of FT.

(iii) On April 14, 2008, the Group, via its wholly-owned subsidiary, Frontken Malaysia Sdn. Bhd. ("FM"), completed the acquisition of 908,000 ordinary shares of RM1.00 each in Frontken (East Malaysia) Sdn. Bhd. ("FEM") (formerly known as Frontken-AMT Engineering Sdn. Bhd. ("FAMT"), an existing subsidiary, representing the remaining 41.88% equity interest in FEM for a cash consideration of RM2.55 million. Consequently, FEM became a wholly-owned subsidiary of the Group.

On July 7, 2008, FAMT changed its name to FEM.

(iv) On April 16, 2008, the Company issued the second tranche of the private placement shares consisting of 5,100,000 new ordinary shares of RM0.10 each ("Frontken Shares") at an issue price of RM0.50. Subsequently, the Company obtained the approval from the Malaysian Securities Commission for an extension of time until October 11, 2009 to complete the implementation of Private Placement.

(v) On July 1, 2008, Frontken Petroleum Sdn. Bhd. ("FP"), a former indirect subsidiary of the Group, increased the issued and paid-up share capital from RM250,000 to RM300,000 by way of allotment and issuance of 50,000 new ordinary shares of RM1.00 each at par value to an existing director and shareholder, Encik Zulkifli Bin Ali, for cash. Consequent to the issuance of new ordinary shares, the Group's interest in FP decreased from 55% to 45.80% and FP ceases to be an indirect subsidiary of the Group.

(vi) On August 19, 2008, the Malaysian Securities Commission approved the transfer of the Company's listing status from the MESDAQ Market to the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Group was officially transferred to the Main Board of Bursa Malaysia on November 18, 2008.

(vii) On September 2, 2008, the Group, via its wholly-owned subsidiary, FM, acquired 2 ordinary shares of RM1.00 each in Frontken (Johor) Sdn. Bhd. ("FJ"), representing 100% of the issued and paid-up share capital of FJ for a cash consideration of RM2.

The principal activity FJ is to undertake the business of surface metamorphosis services with thermal spray coating processes and a series of complementary processes, including mechanical and chemical engineering services.

(viii) On September 2, 2008, the Group, via its wholly-owned subsidiary, FM, acquired 30,000 ordinary shares of RM1.00 each in Hecserv Sdn. Bhd. ("Hecserv"), representing 30% of the issued and paid-up capital of Hecserv for a cash consideration of RM23,500.

The principal activity of Hecserv is to undertake the business of trading machineries, machine parts and equipment and providing engineering services.

On September 23, 2008, Hecserv changed its name to Frontken BumiMaju Sdn. Bhd. ("FB").

(ix) On October 31, 2008, the Company incorporated Frontken-MIC (Wuxi) Co. Ltd. ("FMIC-W") in China. FMIC-W is a wholly-owned subsidiary of FMIC, in which the Company holds approximately 50% equity interest. The principal activity of FMIC-W is to undertake the cleaning of specialised equipment for semiconductor devices, integrated circuits and components, and research and development of semiconductor cleaning technology. The company has a registered capital of USD500,000 (equivalent to RM1,755,000 based on an exchange rate of USD$1.00 : RM3.51).

(x) On November 18, 2008, the Company issued 199,934,400 new ordinary shares of RM0.10 each ("Frontken Shares") pursuant to its bonus issue, which was approved by the Bursa Malaysia on October 14, 2008, on the basis of two (2) new Frontken Shares for every five (5) Frontken Shares held.

(xi) On November 19, 2008, the Company incorporated a new subsidiary, PT Frontken Indonesia ("FI") in Indonesia. The authorised and issued and paid-up share capital of FI is USD$300,000 (equivalent to RM1,083,0000 based on the exchange rate of USD1.00 : RM3.61) comprising 300,000 ordinary shares of USD1 each. The Company was allotted 285,000 ordinary shares of USD1, representing 95% of the issued and paid-up share capital of FI and the remaining 5% is held by an individual shareholder.

The principal activity of FI is provision of surface metamorphosis and engineering works.

32. SUBSEQUENT EVENTS

(i) On February 27, 2009, the Group, via its wholly-owned subsidiary, Frontken (Singapore) Pte Ltd ("FS"), entered into a conditional Share Purchase Agreement to acquire 1,397,400 ordinary shares of SGD0.59 each in Chinyee Engineering & Machinery Pte Ltd ("Chinyee"), representing 20% of the issued and paid-up capital of Chinyee for a cash consideration of SGD820,000 (equivalent to approximately RM1,963,000 based on an exchange rate of SGD1.00 : RM2.3937).

(ii) On March 19, 2009, the Company issued the third tranche of the private placement shares consisting of 11,000,000 new ordinary shares of RM0.10 each ("Frontken Shares") at an issue price of RM0.18.

(iii) On April 3, 2009, the Group, via its wholly-owned subsidiary, Frontken Malaysia Sdn. Bhd. ("FM"), has proposed to subscribe for an additional 107,000 new ordinary shares of RM1.00 each in Frontken Petroleum Sdn. Bhd. ("FP") by way of capitalising an amount of RM107,000 representing a portion of the amount owing by FP to FM. As a result of the proposed capitalisation, the Group's interest in FP will be increased from 45.8% to 60.1% of the issued and paid-up share capital of FP.

33. RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial year statements. As a result, certain line items have been amended on the face of balance sheets and related notes to the financial statements. Comparative figures have been adjusted to conform with the current year's presentation. The items were reclassified as follows:

	The Group		
	As previously reported RM	**Reclassification RM**	**As restated RM**
As of December 31, 2007			
Current Assets			
Inventories	5,408,400	(215,400)	5,193,000
Amount due from contract customers	-	215,400	215,400
Trade receivables	33,045,803	570,146	33,615,949
Other receivables and prepaid expenses	4,005,291	(570,146)	3,435,145

Company No.: 651020-T

FRONTKEN CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The directors of **FRONTKEN CORPORATION BERHAD** state that, in their opinion, the accompanying balance sheets and the related statements of income, cash flows and changes in equity are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of December 31, 2008 and of the results of the businesses and the cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board in accordance
with a resolution of the directors,

DR. TAY KIANG MENG

SEE CHUAN SWEE

Petaling Jaya
April 28, 2009

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **SEE CHUAN SWEE**, the director primarily responsible for the financial management of **FRONTKEN CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, cash flows and changes in equity are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

SEE CHUAN SWEE

Subscribed and solemnly declared by the abovenamed **SEE CHUAN SWEE** at **PETALING JAYA** this 28th day of April, 2009.

Before me,

COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
NO: B144
NAMA: S. SELVARAJAH
MALAYSIA

92M JALAN SS21/39
DAMANSARA UTAMA P.J.
TEL: 7728 2811
H/P: 013-369 4119

UNAUDITED CONSOLIDATED RESULTS OF FCB FOR THE NINE (9) MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009

FRONTKEN CORPORATION BERHAD
(Co No: 651020-T)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR 3RD QUARTER ENDED 30 SEPTEMBER 2009
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 Sept 2009 RM '000	Preceding Year Corresponding Quarter 30 Sept 2008 RM '000	Current Year To-date 30 Sept 2009 RM '000	Preceding Year Corresponding Period 30 Sept 2008 RM '000
Revenue	35,656	32,992	103,010	98,915
Operating expenses	(25,594)	(25,220)	(82,220)	(76,007)
Profit before amortisation, depreciation and finance	10,062	7,772	20,790	22,908
Depreciation and amortisation	(3,445)	(2,963)	(10,123)	(8,443)
Finance costs	(889)	(488)	(2,752)	(3,153)
Other operating income#	188	1,301	1,484	6,251
Other expenses*	-	(5)	-	(478)
Share of results of associated companies	(256)	390	(993)	1,582
Profit/(Loss) before taxation	5,660	6,007	8,406	18,667
Taxation	(772)	(24)	(1,088)	(2,172)
Profit for the period	4,888	5,983	7,318	16,495
Attributable to :				
Equity holders of the company	4,962	5,983	7,720	16,420
Minority interests	(74)	-	(402)	75
Profit for the period	4,888	5,983	7,318	16,495
Earnings per share attributable to equity holders of the Company :				
Basic (sen)	**0.7**	**1.2**	**1.1**	**3.3**

Other income for the period ended 30 September 2008 is inclusive of insurance claims received in respect of fire incidents at the Group's plants in Kulim and Singapore.

* Other expenses for the period ended 30 September 2008 is inclusive of the cost of fire consequential losses.

The condensed consolidated income statement is to be read in conjuction 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 2008.

CERTIFIED TRUE COPY

WONG HUA CHOON
Director

Company No.: 651020-T

FRONTKEN CORPORATION BERHAD
(Co No: 651020-T)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2009

(The figures have not been audited)

	Unaudited 30 Sep 2009 RM'000	Audited 31 Dec 2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	113,800	108,979
Prepaid lease payments on leasehold land	3,506	3,553
Investment in associated companies	47,744	48,192
Goodwill on consolidation	4,745	3,749
Intangible assets	-	-
Total non-current assets	169,795	164,473
Current assets		
Inventories	7,818	5,910
Amount due from contract customers	981	669
Trade receivables	43,444	41,324
Other receivables and prepaid expenses	9,602	13,304
Tax recoverable	-	-
Amount owing by associates	2,707	3,500
Fixed deposits with licensed bank	778	758
Cash and bank balances	7,393	10,441
Total current assets	72,723	75,906
Total assets	242,518	240,379
EQUITY AND LIABILITIES		
Capital and reserve		
Issued capital	72,243	69,977
Reserves	12,057	8,680
Retained earnings	50,730	43,010
Equity attributable to equity holders of the parent	135,030	121,667
Minority interests	302	652
Total equity	135,332	122,319

Company No.: 651020-T

FRONTKEN CORPORATION BERHAD
(Co No: 651020-T)
(Incorporated in Malaysia)

	Unaudited 30 Sep 2009 RM'000	Audited 31 Dec 2008 RM'000
Non-current liabilities		
Bank borrowings	28,353	33,201
Deferred income	-	-
Hire-purchase payables	15,897	12,091
Deferred tax liabilities	3,400	3,466
Total non-current liabilities	47,650	48,758
Current liabilities		
Trade payables	15,043	19,453
Other payables	10,625	18,195
Amount owing to associate	162	301
Bank overdrafts	6,272	5,618
Bank borrowings - current portion	19,473	18,471
Deferred income - current portion	5	19
Hire purchase payable - current portion	7,128	5,906
Tax liabilities	828	1,339
Total current liabilities	59,536	69,302
Total liabilities	107,186	118,060
Total equity and liabilities	242,518	240,379
Net assets per share (RM)	0.19	0.17

Notes :

The condensed consolidated balance sheet is to be read in conjuction 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 2008.

FRONTKEN CORPORATION BERHAD
(Co No: 651020-T)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2009
(The figures have not been audited)

	<------------ Non-distributable		------------>	<-Distributable ->			
	Issued capital RM'000	Share premium RM'000	Foreign currency Translation reserve RM'000	Retained earnings/ RM'000	Attributable to equity holders of the Company RM'000	Minority interests RM'000	Total RM'000
Balance as of 1 January 2009	69,977	5,935	2,745	43,010	121,667	652	122,319
Net income (expense) recognised directly in equity: Exchange differences arisng from translation of foreign operations	-	-	1,307	-	1,307	-	1,307
Profit for the period	-	-	-	7,720	7,720	(402)	7,318
Total recognised income and expenses	-	-	1,307	7,720	9,027	(402)	8,625
Arising from issue of shares by subsidiary	-	-	-	-	-	52	52
Arising from private placement	2,266	2,070	-	-	4,336	-	4,336
Balance as of 30 September 2009	**72,243**	**8,005**	**4,052**	**50,730**	**135,030**	**302**	**135,332**

FRONTKEN CORPORATION BERHAD
(Co No: 651020-T)
(Incorporated in Malaysia)

CORRESPONDING PERIOD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2008
(The figures have not been audited)

	<------------ Non-distributable		------------>	<-Distributable->			
	Issued capital RM'000	Share premium RM'000	Foreign currency Translation reserve RM'000	Retained/ earnings/ RM'000	Attributable to equity holders of the Company RM'000	Minority interests RM'000	Total RM'000
Balance as of 1 January 2008	49,474	23,888	473	24,159	97,994	1,670	99,664
Net income (expense) recognised directly in equity:							
Exchange differences arisng from translation of foreign operations	-	-	3,081	-	3,081	-	3,081
Profit for the period	-	-	-	16,420	16,420	75	16,495
Total recognised income and expenses	-	-	3,081	16,420	19,501	75	19,576
Arising from issue of shares by subsidiary	510	2,040	-	-	2,550	-	2,550
Arising from subscription of shares	-	-	-	-	-	(1,083)	(1,083)
Balance as of 30 September 2008	**49,984**	**25,928**	**3,554**	**40,579**	**120,045**	**662**	**120,707**

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

Company No.: 651020-T

FRONTKEN CORPORATION BERHAD
(Co No: 651020-T)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2009
(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Period To Date	Preceding Corresponding Period
	30 Sept 2009 RM'000	30 Sept 2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	7,318	16,495
Adjustments for:		
Income tax expense recognised in income statement	1,088	2,172
Depreciation for property, plant and equipment	10,077	8,274
Interest expense	2,752	3,153
Unrealised gain on foreign exchange	(586)	887
Interest income	(73)	(347)
Amortisation of prepaid land lease	46	46
Amortisation of intangible assets	-	123
Fixed assets written off	20	283
Government grant	(14)	(38)
Loss/(Gain) on disposal of property, plant and equipment	(102)	(1,006)
Share of results of associated companies	993	(1,582)
Operating profit before working capital changes	21,519	28,460
Inventories	(1,832)	(871)
Amount due from contract customers	(312)	-
Trade receivables	(1,749)	2,268
Other receivables and prepaid expenses	3,942	(23,751)
Amount owing by associates	807	-
Trade payables	(3,740)	7,425
Other payables and accrued expenses	(7,888)	497
Amount owing to associate	(141)	-
Cash generated from operations	10,606	14,028
Tax paid	(1,761)	(2,545)
Net cash from operating activities	8,845	11,483
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	73	347
Acquisition of additional interest in subsidiary	(935)	(2,550)
Purchase of investment in associated company	-	(428)
Purchase of property, plant and equipment	(3,597)	(14,973)
Proceeds from disposal of property, plant and equipment	277	3,602
Dividend received from associated company	-	2,969
Net cash used in investing activities	(4,182)	(11,033)

Company No.: 651020-T

FRONTKEN CORPORATION BERHAD
(Co No: 651020-T)
(Incorporated in Malaysia)

	CUMULATIVE QUARTER	
	Current Period To Date	Preceding Corresponding Period
	30 Sept 2009	30 Sept 2008
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,752)	(3,153)
Proceeds from minority interest	52	661
Proceeds from issuance of shares	4,429	2,550
Drawdown of term loans	-	5,000
Repayment of term loans	(5,390)	(13,002)
Increase in short-term borrowings	637	777
Repayment of hire purchase payables	(5,356)	(4,105)
Share issue expenses	(93)	-
Net cash used in financing activities	(8,473)	(11,272)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,810)	(10,822)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	5,581	13,917
EFFECT OF EXCHANGE DIFFERENCES	128	1,675
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	1,899	4,770
THE CASH AND CASH EQUIVALENTS COMPRISE:		
CASH AND BANK BALANCES	7,393	12,723
SHORT-TERM DEPOSITS WITH LICENSED BANKS	778	373
BANK OVERDRAFT	(6,272)	(8,326)
	1,899	4,770

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 2008.

FRONTKEN CORPORATION BERHAD
(Co No: 651020-T)
(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

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 Financial Reporting Standards ("FRS") No.134 : Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), 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 2008.

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 (collectively, "the Group") since the financial year ended 31 December 2008.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008.

A2. Audit qualification

The auditors' report in respect of the audited financial statements of FCB for the financial year ended 31 December 2008 was not subject to any qualification.

A3. Seasonality or cyclicality 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

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

FRONTKEN CORPORATION BERHAD
(Co No: 651020-T)
(Incorporated in Malaysia)

A6. Issuance, cancellations, repurchases, resale and repayments of debt and equity securities

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

On 22 July 2009, a fourth and final tranche of 11,664,000 new ordinary shares of RM0.10 each in FCB ("Placement Shares") were issued pursuant to the private placement which was announced on 2 April 2007 at an issue price of RM0.21 per Placement Share. As a result, the issued and paid-up capital of the Company increased by RM1,166,400 to RM72,243,440 comprising 722,434,400 ordinary shares of RM0.10 each.

A7. Dividends

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

A8. Segmental information

The breakdown of the Group's revenue and results by geographical regions for the quarter ended 30 September 2009 are set out below. Revenue and results by geographical sales were based on the location of the Group's subsidiaries.

	Current Quarter 30 Sept 2009	Current Year-to-date 30 Sept 2009
	RM'000	RM'000
Segment Revenue		
Singapore	20,717	58,588
Malaysia	14,585	41,449
Philippines	283	2,902
China	71	71
	35,656	103,010
Segment Results		
Singapore	4,862	8,558
Malaysia	1,334	1,948
Philippines	(135)	(71)
Taiwan	(3)	(16)
Hong Kong	-	(3)
China	(76)	(781)
Indonesia	(66)	(236)
	5,916	9,399
Add: Share of results of associated companies:		
Thailand	(18)	(92)
Taiwan	(238)	(841)
Malaysia	-	(60)
Profit before taxation	5,660	8,406

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.

A9. Valuation of property, plant and equipment

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

A10. 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.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

A12. Contingent liabilities

Save as disclosed below, the Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position of the Group:

	As at 30 Sept 2009 RM'000
Guarantee by a wholly-owned subsidiary in favour of third party for the due and complete performance of a project by an associated company	2,477

A13. Cash and cash equivalents

	As at 30 Sept 2009 RM'000
Cash at bank	7,295
Cash on hand	98
Fixed deposits	778
	8,171
Bank overdrafts	(6,272)
	1,899

FRONTKEN CORPORATION BERHAD
(Co No: 651020-T)
(Incorporated in Malaysia)

A14. Significant related party transactions

	Current Quarter 30 Sept 2009	Current Year-to-date 30 Sept 2009
	RM'000	RM'000
Sales by FM and FEM to AMT	9	19
Sales by FEM to A&I	2	4
Sales by FS, MTI and FEM to Chinyee	751	1,339
Sales by FM and FEM to FPSB	8	291
Purchases from AMT by FEM	-	1
Purchases from Chinyee by FS	742	3,514
Purchases from FPSB by FM	29	44
Rental payable by FMIC to MIC-W	140	512
Fees payable to MIC-W for administrative support functions and services and sharing of resources	97	97
Fees payable to a former director for professional services	18	18

Abbreviations:

AMT	*AMT Engineering Sdn Bhd*
A&I	*A&I Engine Rebuilders Sdn Bhd*
Chinyee	*Chinyee Engineering & Machinery Pte Ltd*
FEM	*Frontken (East Malaysia) Sdn Bhd*
FM	*Frontken Malaysia Sdn Bhd*
FMIC	*Frontken-MIC (Wuxi) Co. Ltd*
FPSB	*Frontken Petroleum Sdn Bhd*
FS	*Frontken (Singapore) Pte Ltd*
MIC-W	*MIC-Tech (Wuxi) Co., Ltd*
MTI	*Metall-Treat Industries Pte Ltd*

Name of Related Parties	Relationship
AMT	Sia Chiok Meng, a Director of FEM, is also a director and major shareholder of AMT.
Chinyee	Wong Hua Choon, a director and major shareholder of FCB, and Yeo Lay Poh, a substantial shareholder of FCB, are also directors and substantial shareholders of Chinyee. Dr Tay Kiang Meng is a director and shareholder of both FCB and Chinyee.
A&I	Sia Chiok Meng, a director of FEM, is also a director and major shareholder of A&I.
MIC-W	MIC-W is a subsidiary of Marketech International Corporation, which in turn is a deemed major shareholder of FMIC.
FPSB	Zulkifli bin Ali, a deemed major shareholder of FCB within the preceding six (6) months, is also a director and major shareholder of FPSB.

FRONTKEN CORPORATION BERHAD
(Co No: 651020-T)
(Incorporated in Malaysia)

The Directors are of the opinion that the above transactions entered into in the ordinary course of the business have been established on terms and conditions that are not materially different from those transactions with unrelated parties.

A15. 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 2009
	RM'000
Factory improvement	398
Acquisition of machinery and equipment	5,159
	5,557

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of performance

The Group recorded unaudited revenue and profit before tax ("PBT") of approximately RM103.0 million and RM8.4 million respectively for the nine (9) months ended 30 September 2009 ("FP 2009"), compared to RM98.9 million and RM18.7 million respectively for the preceding corresponding period ended 30 September 2008. This represents an increase of approximately 4.1% in revenue and decrease in PBT of approximately 55.0% compared to that achieved in the preceding corresponding period. Net profit attributable to shareholders was RM7.7 million for FP 2009 as compared to RM16.4 million in the previous corresponding period.

Despite signs of improvement in economic conditions, the Group's sales performance remained mixed by activity and location. In Singapore, demand from the power generation and semiconductor sectors saw tremendous recovery in recent months and demand for maintenance works on critical parts and equipment from the oil and gas industry has also been increasing. The modest revenue growth recorded by the Group for FP 2009 was mainly due to higher demand for the Group's services in Malaysia and the Philippines.

The lower PBT recorded by the Group for FP 2009 was mainly due to the following:

(a) For the corresponding period in 2008, the Group's PBT of RM18.7 million included a one-off net gain of approximately RM4.2 million in respect of recovery from insurers on the fire incidents. Excluding this one-off gain, the Group's PBT for FP2009 declined by 42.1% over the same period in 2008;

(b) Lower margin during the current period arising from higher subcontracting cost; and

(c) Share of losses of associates during the current period as compared to share of profits in the preceding corresponding period.

FRONTKEN CORPORATION BERHAD
(Co No: 651020-T)
(Incorporated in Malaysia)

B2. Comparison with immediate preceding quarter

	3rd Quarter 30 Sept 2009	2nd Quarter 30 Jun 2009
	RM'000	RM'000
Revenue	35,656	36,764
Profit before tax	5,660	1,564

The Group recorded a marginal decline in revenue of 3% or approximately RM1.1 million during the current quarter compared to the preceding quarter. The decline in revenue during the current quarter was primarily due to marginally lower sales in Singapore.

Despite a lower revenue, the Group's unaudited PBT in the current quarter was approximately RM4.1 million higher than the preceding quarter, representing a threefold increase. The increase in the Group's PBT was the result of gross margin improvement during the current quarter.

B3. Prospects for the year

The outlook has turned more positive compared to the first half of 2009, with encouraging demand for the Group's services in the power generation, semiconductor and oil and gas sectors. Nonetheless, the Group intends to maintain a cautious approach towards its cost structures and capital expenditures. Ongoing efforts to focus on its core markets and extend market reach will continue with the aim of strengthening its market position. The Group will also continue to build its balance sheet as a cushion against business volatility and the constantly changing market landscape. Barring unforeseen circumstances, the Directors expect performance for the current financial year to be satisfactory in light of the current financial crisis.

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 30 Sept 2009	Current Year-to-date 30 Sept 2009
	RM'000	RM'000
Income tax	805	1,211
Deferred tax	(33)	(123)
	772	1,088

The Group's effective tax rate for the period under review is 13.6% compared to the statutory tax rate of 25% in Malaysia primarily attributed to deferred tax adjustment arising from reduction in corporation tax rate from 18% to 17% enjoyed by its subsidiaries in Singapore and jobs credit grant received from the Singapore government which is not subject to tax, as well as a relatively lower statutory tax rate of 17% in Singapore.

B6. Unquoted investments and properties

There were no disposals of unquoted investment and properties during the current quarter and financial period under review.

B7. Quoted and marketable securities

There were no purchases and disposals of marketable securities during the current quarter.

On 26 June 2009, Ares Green Technology Corporation ("AGTC") obtained shareholders' approval for the distribution of share dividend on the basis of 1 new share of NT$10 each for every 20 existing shares held. Consequently, although the percentage shareholding held collectively by FCB and its subsidiary in AGTC remains unchanged, the aggregate number of shares in AGTC held by FCB and its subsidiary increased from 12,633,534 shares to 13,265,210 shares. The share dividend was completed on 16 October 2009.

B8. Status of corporate proposals

As at 18 November 2009, the status of corporate proposals announced but not completed is as follows:

On 27 February 2009, the Company announced that its wholly-owned subsidiary, Frontken (Singapore) Pte Ltd, had agreed to the terms and entered into a conditional Share Purchase Agreement with Wong Hua Choon for the acquisition of 1,397,400 ordinary shares representing 20% of the issued and paid-up share capital of Chinyee Engineering and Machinery Pte Ltd for a cash consideration of SGD820,000 (equivalent to approximately RM1,963,000 based on the exchange rate of SGD1.00 : RM2.3937 as at 26 February 2009) ("Acquisition of Chinyee"). The Acquisition of Chinyee is pending completion.

B9. Group borrowings

The Group's borrowings as at 30 September 2009 are as follows:

	Short-term	Long-term	Total
	RM'000	RM'000	RM'000
Secured			
Bank overdrafts	6,272	-	6,272
Hire purchase creditors	7,128	15,897	23,025
Term loans	19,473	28,353	47,826
	32,873	44,250	77,123

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
Currency			
Singapore Dollar	25,658	33,228	58,886
New Taiwan Dollar	1,566	1,512	3,078
	27,224	34,740	61,964

B10. Off balance sheet financial instruments

The Group has not entered into any contract involving off balance sheet financial instruments as at the date of this report.

B11. Material litigation

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 the date of this report:

On 2 February 2009, FM was served a Writ of Summons by IFC. The said Writ of Summons and Statement of Claim were presented to the High Court of Malaya at Alor Star on 7 January 2009.

Under the said Writ of Summons, IFC was alleging that it had successfully completed installation works for Frontken Malaysia Sdn Bhd ("FM") at its plant at Kulim Hi-Tech Park pursuant to its quotation furnished for the said installation, and that FM had partially satisfied the contract sum, leaving a balance of RM1,122,425. However, FM had denied any liability to IFC. IFC is therefore claiming against FM for the above outstanding sum, interest thereon at 8%, costs and other relief that the Court deems fit.

FM is disputing the legitimacy of the claim by IFC in view that FM had at all times contracted with the main contractor, and not IFC, for the performance of the installation works at its plant at Kulim Hi-Tech Park. Further, the installation works were either not performed or unsatisfactorily performed.

On 24 November 2009, the Court allowed IFC's application for summary judgment, thereby ordering FM to pay the amount claimed by IFC. FM will file an appeal against the said decision and an application for stay of execution pending appeal.

FRONTKEN CORPORATION BERHAD
(Co No: 651020-T)
(Incorporated in Malaysia)

B12. 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
Profit attributable to ordinary shareholders (RM'000)	4,962	5,983	7,720	16,420
The number/weighted average number of shares in issue ('000)	719,772	499,836	707,115	497,732
Basic EPS (sen)	0.7	1.2	1.1	3.3

(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.

B13. Dividends

No dividend has been declared for the current quarter ended 30 September 2009.

By order of the Board
Frontken Corporation Berhad

Wong Hua Choon
Executive Chairman / Managing Director
Kuala Lumpur
25 November 2009

DIRECTORS' REPORT
(prepared for inclusion in this Abridged Prospectus)

FRONTKEN
前研科技集团

Registered Office

Suite 1603, 16th Floor
Wisma Lim Foo Yong
86 Jalan Raja Chulan
50200 Kuala Lumpur

8 February 2010

The shareholders of Frontken Corporation Berhad ("FCB" or the "Company")

Dear Sir/Madam,

On behalf of the Board of Directors of FCB ("Board"), I wish to report that, after making due inquires in relation to the Company and its subsidiary companies ("Group") during the period between 31 December 2008, being the date on which the last audited consolidated financial statements have been made up, and the date hereof, being a date not earlier than fourteen (14) days before the issue of this Abridged Prospectus:-

(a) the business of the Group has, in our opinion, been satisfactorily maintained;

(b) in our Board's opinion, no circumstances have arisen since the last audited consolidated financial statements of FCB which have adversely affected the trading or the value of the assets of FCB Group;

(c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) save as disclosed in this Abridged Prospectus, no contingent liabilities have arisen by reason of any guarantee or indemnity given by the Group;

(e) there have been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums for any borrowing of the Group since the last audited consolidated financial statements of FCB of which our Board is aware of; and

(f) there have been, since the last audited consolidated financial statements of FCB, no material changes in the published reserves or any unusual factor affecting the profits of the Group.

Yours faithfully
For and on behalf of the Board of Directors
FRONTKEN CORPORATION BERHAD

WONG HUA CHOON
Executive Chairman / Managing Director

Frontken Corporation Berhad (651020-T)
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Tel: + 60 3 7968 3312 Fax: + 60 3 7968 3316
E-mail: fcb@frontken.com Website: www.frontken.com

ADDITIONAL INFORMATION

1. SHARE CAPITAL

(a) Save for the Rights Shares with Warrants, no securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of issue of this Abridged Prospectus.

(b) There are no founder, management or deferred shares in FCB. There is only one class of shares in FCB, namely ordinary shares of RM0.10 each, all of which rank pari passu with one another.

(c) Save for the Rights Shares, up to 288,973,760 new FCB Shares to be issued upon the exercise of up to 288,973,760 Warrants pursuant to the Rights Issue and the changes in issued and paid-up share capital as disclosed in Appendix II (Section 2) of this Abridged Prospectus, no securities of the Company have been issued, or proposed/agreed to be issued, as fully or partly paid-up in cash or otherwise than in cash within the two (2) years immediately preceding the date of this Abridged Prospectus.

(d) Save for the Entitled Shareholders who will be provisionally allotted the Rights Shares with Warrants, no person has been or is entitled to be granted an option to subscribe for any securities, shares, stocks and debentures of FCB.

2. DIRECTORS' SHARE QUALIFICATION AND REMUNERATION

(a) Article 83 of the Company's Articles of Association

The shareholding qualification for Directors may be fixed by the Company in general meeting and until so fixed, no shareholding qualification for Directors shall be required. All Directors shall be entitled to receive notice of and to attend all general meetings of the Company; and

(b) The provisions in Article 81 of the Company's Articles of Association in relation to the remuneration of the Directors are as follows:-

(1) The remuneration of the Directors (except salaries payable to the Executive Directors for their services) shall from time to time be determined by the Company in general meeting. The quantum of such remuneration shall be stated in the notice convening the meeting. That remuneration shall be deemed to accrue from day to day.

(2) Fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover.

(3) Salaries payable to Executive Directors may not include a commission on or percentage of turnover.

(4) The Directors may also be paid all traveling, hotel, and other expenses properly incurred by them in attending and returning from meeting of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the two (2) years preceding the date of this Abridged Prospectus:-

(a) Share Purchase Agreement dated 14 April 2008 entered into between FM and AMT Engineering Sdn Bhd, Sim Geak Huat and Sim Geak Seng in relation to the acquisition by FM of 908,000 ordinary shares of RM1.00 each representing the remaining 41.88% equity interest in Frontken (East Malaysia) Sdn Bhd for a cash consideration of RM2,550,000;

(b) Share Purchase Agreement dated 27 February 2009 entered into between Frontken (Singapore) Pte Ltd ("FS") and WHC in relation to the acquisition by FS of 1,397,400 ordinary shares representing 20% of the issued and paid-up share capital of Chinyee Engineering & Machinery Pte Ltd for a cash consideration of SGD820,000;

(c) Deed Poll dated 22 January 2010; and

(d) Underwriting agreement dated 27 January 2010 entered into between our Company and the AFFIN Investment as the Managing Underwriter/Underwriter whereby AFFIN Investment has agreed to underwrite 136,363,636 Rights Shares together with 136,363,636 Warrants at an underwriting commission of 1.75% and managing underwriter's commission of 0.25% of the value of the underwritten Rights Shares with Warrants, subject to the terms and conditions of the Underwriting Agreement.

4. MATERIAL LITIGATION

Save as disclosed below, FCB and its subsidiary companies are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant or otherwise and the Directors of FCB are not aware of any proceedings pending or threatened against FCB and/or its subsidiary companies, or of any facts likely to give rise to any proceedings which might materially or adversely affect the financial position or business of FCB and/or its subsidiary companies.

On 3 February 2009, FM was served a Writ of Summons by IFC Engineering Sdn Bhd ("IFC"). The said Writ of Summons and Statement of Claim were filed at the High Court of Malaya at Alor Star. Under the said Writ of Summons, IFC claimed that it had successfully completed installation works for FM at its plant at Kulim Hi-Tech Park pursuant to its quotation furnished for the said installation, and that FM had partially satisfied the contract sum, leaving a balance of RM1,122,425. However, FM had denied any liability to IFC. IFC therefore claimed against FM for the above outstanding sum, interest thereon at 8%, costs and other relief that the Court deems fit.

FM disputed the legitimacy of the claim by IFC in view that FM had at all times contracted with the main contractor, and not IFC, for the performance of the installation works at its plant at Kulim Hi-Tech Park. Further, the installation works were either not performed or unsatisfactorily performed.

On 24 November 2009, the Court allowed IFC's application for summary judgment, thereby ordering FM to pay the amount claimed by IFC. On 21 December 2009, FM received a Notice for Payment pursuant to Section 218 of the Act from the solicitors of IFC requiring FM to pay, secure or compound to the reasonable satisfaction of IFC the sum of RM1,207,978.73 which was made up of the judgment sum of RM1,122,425.00 together with interest on the judgment sum at 8% per annum from 7 January 2009 to 16 December 2009 amounting to RM85,553.73. If FM shall fail, refuse or omit to make payment of the aforesaid judgment sum together with interest accrued thereon from the date of the notice within 21 days from the receipt of the same, action will be taken for FM to be compulsorily wound up by the Court.

FM had on 17 December 2009 filed a Notice of Appeal against the summary judgment and the appeal is pending. Subsequent thereto, FM had also on 10 January 2010 filed an application for inter alia an injunction against presentation of any winding up petition up pending disposal of FM's appeal and for a stay of any winding-up proceeding pending disposal of FM's appeal. The application is pending hearing. On 14 January 2010, the solicitors of IFC served a Writ of Seizure and Sale on FM to seize some of the assets located on its premises at Kulim Hi-Tech Park. FM had filed an application for inter alia a stay of the Writ of Seizure and Sale pending disposal of FM's appeal. The application is also pending hearing.

The solicitors for FM are of the opinion that there are triable issues to oppose the summary judgment granted to IFC.

5. CONSENTS

(a) Our Principal Adviser, Managing Underwriter and Underwriter, Company Secretaries, Share Registrar, Principal Bankers, Solicitors and Bloomberg Finance L.P have given their written consents to the inclusion in this Abridged Prospectus of their names in the form and context in which they appear before the issuance of this Abridged Prospectus and have not since withdrawn them;

(b) Our Auditors for the financial year ended 31 December 2008 have given their written consent to the inclusion in this Abridged Prospectus of their name relating to the financial statements of FCB for the FYE 31 December 2008 in the form and context in which they appear before the issuance of this Abridged Prospectus and have not since withdrawn them; and

(c) Our Reporting Accountants for the Rights Issue have given their written consent to the inclusion in this Abridged Prospectus of their name and the letter relating to the proforma consolidated balance sheets of FCB for FYE 31 December 2008 in the form and context in which they appear before the issuance of this Abridged Prospectus and have not since withdrawn them.

6. SERVICE CONTRACT

None of the Directors of FCB has any existing or proposed service contracts with the FCB Group.

7. GENERAL

(a) The nature of the Company's business is disclosed in Section 1 of Appendix II of this Abridged Prospectus. The subsidiary and associated companies of FCB as at the LPD are disclosed in Section 5 of Appendix II of this Abridged Prospectus.

(b) Save as disclosed in Section 5 of in this Abridged Prospectus, our Board is not aware of any material information including specific trade factors or risks which is unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.

(c) None of the directors of FCB has any existing or proposed service contracts with the Company and/or its subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.

(d) Save as disclosed in the Abridged Prospectus, the financial condition and operations of FCB and its subsidiaries are not likely to be affected by any of the following:

(i) known trends or known demands, commitments, events or uncertainties that will result in or that is reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

(ii) material commitments for capital expenditure;

(iii) unusual or infrequent events or transactions or any significant economic changes that materially affect the amount of reported income from the operations of our Group;

(iv) known trends or uncertainties that have had or that our Group reasonably expects will have a material favourable or unfavourable impact on revenues or operating income; and

(v) substantial increase in revenue.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with the NPA and RSF have been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

AFFIN Investment, being the Principal Adviser, Managing Underwriter and Underwriter for the Rights Issue acknowledges that, based on the available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection during normal office hours on any weekday (except public holidays) at the Registered Office of FCB for a period of not less than twelve (12) months from the date of this Abridged Prospectus:-

(a) Memorandum and Articles of Association of FCB;

(b) Deed Poll;

(c) the audited financial statements of FCB Group for the past two (2) FYE 31 December 2007 and 31 December 2008 and the latest unaudited quarterly results of the FCB Group for the nine (9)-month period ended 30 September 2009;

(d) the proforma consolidated balance sheets of FCB as at 31 December 2008 together with the Reporting Accountants' letter thereon included in Appendix III of this Abridged Prospectus;

(e) material contracts as disclosed in Section 3 of Appendix VII of this Abridged Prospectus;

(f) the relevant cause papers in respect of the material litigation referred to in Section 4 of Appendix VII of this Abridged Prospectus;

(g) the Directors' Report included in Appendix VI of this Abridged Prospectus;

(h) the letter of undertaking by WHC to subscribe to its entitlement in full under the Rights Issue dated 9 December 2009; and

(i) letters of consent referred to in Section 5 of Appendix VII of this Abridged Prospectus.