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Frontken stock sold at 18.8 sen per share off-market

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PETALING JAYA: An off-market transaction of 290.99 million shares, or 27.6% of Frontken Corp Bhd, was crossed yesterday at a price of 18.8 sen, with sources saying that the party which took up the shares was someone related to its single largest shareholder and director, Dr Jorg Helmut Hohnloser.

At the price of 18.8 sen, it was a 31.5% or 8.7-sen discount to Frontken's closing price of 27.6 sen yesterday.

Hohnloser is currently the single largest shareholder with a 27.75% stake in the company. This is followed by Lembaga Tabung Haji, which has 4.91%.

There had been much speculation in the past that Hohnloser was looking to secure more control over Frontken.

The stock was the fifth heaviest-traded stock of the day. Frontken closed 0.5 sen lower to 27.6 sen on a volume of 38.1 million shares. At this price, it is trading slightly above its net asset per share of 25 sen.

Hohnloser, who owns a European company with the same business as Frontken called Cleanpart GmbH, provides the same services as Frontken, namely, the provision of services to maintain equipment in the semiconductor and other industries.

Hohnloser first bought into Frontken in 2010. Financially, the fortunes of Frontken have been steadily improving.

It made a 48.8% jump in net profit to RM6.82mil on the back of a 60.2% increase in revenue to RM77.22mil for its first quarter to March 31, 2015. For financial year 2014, it made a net profit of RM18.77mil from a previous loss of RM2.32mil.

The company had cash and bank balances of RM70.62mil as at the first quarter, a vast improvement from the RM33.33mil it had in the same quarter of the previous year.

It has long-term borrowings of RM23.98mil and short-term borrowings of RM12.63mil.

Apart from a one-off gain of an associate company in 2014, the better results were mainly attributable to the improved business performance of the group's subsidiaries in Taiwan and Malaysia.