



FRONTLINE TECHNOLOGIES CORPORATION LTD

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MEDIA RELEASE

FRONTLINE'S FIRST HALF FY2007 NET PROFIT INCREASED BY 40.1%

- **Group revenue up by more than 23%**
- **Services revenue accounted for 47.1% of Group's total revenue**
- **Regionalisation strategy resulted in more than 50% of revenues and 80% of profit from overseas units**

Financial Performance Highlights S\$ (million)			
	1H FY07	1H FY06	% change
Revenue	91.2	73.7	23.7
Gross profit margins (%)	26.7%	27.4%	-
Net profit after tax	4.53	3.01	50.4
• Profit attributable to shareholders	3.55	2.53	40.1
• Minority interest	0.99	0.48	104.6
Earnings per share (cent)	0.43	0.31	38.7
Net asset value per share (cents)	13.00	12.66*	2.7

Singapore, 10 November 2006 – Frontline Technologies Corporation Ltd's ("Frontline"), a premier pan-Asian, IT-service provider, today announced that its net profit attributable to shareholders for the first six months of the financial year which ended on 30 September 2006 ("1H FY07"), has increased by 40.1% to S\$3.55 million. The positive result was driven largely by stronger contributions

from IT services and a healthy growth in its overseas operations in China, India, Malaysia and Thailand.

Compared to the same period last year ("1H FY06"), the Group revenues rose by 23.7% to S\$91.2 million, of which revenue from its overseas operations contributed 52.6%. Services, which comprise of IT Outsourcing, Consulting and Implementation increased 27.5% to S\$45.8 million. This accounted for 47.1% of the Group's total revenue, compared to 43.6% last year.

Earnings per share increased to 0.43 cents in 1H FY07 by 38.7% from 0.31 cents in 1H FY06.

Strong balance sheet

Net assets increased by S\$2.8 million or 2.7% to S\$107.1 million as compared to the same period last year while net asset value per share rose to 13.00 cents in 1H FY07 from 12.66 cents in the last financial year.

The Group's cash reserves as at 30 September 2006 stands at a healthy S\$25.3 million.

The Group's Indian subsidiary, Accel Frontline started trading on the National Stock Exchange (NSE) of India and the Bombay Stock Exchange (BSE) on 30 October 2006. The net proceeds raised was S\$11.4 million.

Following Accel Frontline's Initial Public Offering, the Group's net assets would have increased to S\$118.5 million. The cash and cash equivalents would stand at S\$36.7 million while the net asset value per share would be 14.4 cents. (The actual figures will be reflected in the full year FY07 results ending 31 March 2007).

Mr Lim Chin Hu, President and Chief Executive Officer of Frontline, said “ We are pleased that Frontline is in a healthy financial position. The Group continues to benefit from its pan-Asian strategy as China, India, Malaysia and Thailand have shown to be strong growth areas. Services revenues, particularly from the outsourcing business, has also grown consistently over the years and will continue to be the main thrust of the company’s growth strategy.”

Stronger overall performances from Singapore and the region

Singapore

There were many positive developments at the Singapore front, which contributed to the Group’s revenue growth. The CareLINE Clinic Management System, a comprehensive web-based fully integrated clinic management system, was launched on 1 October 2006. This system is aimed at helping general practitioners and specialist doctors improve the overall management of their clinic operations through automation and to facilitate the submission of Medisave claims under the Ministry of Health’s Chronic Disease Management programme.

The Singapore team also secured two contracts from media giant, Singapore Press Holdings, to revamp the online version of its widely read newspaper and to establish an interactive news and information portal. In addition, there were also significant strategic multi-million deals which were secured over the past six months. These included the Media Development Authority, Sing Health, Singapore Polytechnic, PSA Corporation, Government of Singapore Investment Corporation (GIC) and Singapore Airlines.

China

The Group further strengthened its presence in China through the acquisition of PSA Corporation’s fully owned subsidiary, Dalian BHR Consultancy Services Co

Ltd, now re-named as BHR-Frontline, earlier this year. In the agreement, Frontline will assist to fulfill PSA Corporation's IT development needs via a five-year Information Technology Outsourcing Services Contract worth about S\$20 million.

During 1H FY07, BHR-Frontline won strategic multimillion deals with Dalian Techport Systems and Dalian Port Group for software application development and management.

The Group's associate company, MDCL-Frontline, of which the Group owns 47.5%, also acquired significant key wins in the last six months. They included the Hong Kong Cargo Terminal; China Unicom; China Mobile and Shanghai Bank. Together, the value of the contracts is S\$9.1 million. Additionally, to support the expanding China market, a second Software and Solutions Centre in Nanjing was opened in March 2006 to cater to the needs of the East China, Central China and South China markets.

India

India's contribution to the Group's revenue remained strong. The revenue contribution increased to S\$30.4 million in 1H FY07 from S\$27.0 million in 1H FY06, representing a growth of 12.6%.

Some of the recent major key projects secured by the Group's subsidiary, Accel Frontline, included Ericsson; the State Bank of India; Stockholdings Corporation of India, Alcatel and India's National Institute of Technology.

Accel Frontline also achieved several milestones during 1H FY07. It was appointed as Sun's strategic regional partner in September this year to represent Sun in the Tamil Nadu State. Accel Frontline was also named as Kingston Technology's partner to provide call center support, pre and post sales services.

Accel Frontline was also ranked in the top ten in Dataquest-IDC's Best Employer Survey 2006.

Malaysia

Malaysia also registered a strong turnaround for the first half period with several key wins. These include multi-million projects for the National Property Department Information Centre (Naptic); Celcom as well as infrastructure solutions for the Penang Port. These projects are worth a total of S\$4.1 million.

Thailand

Thailand turned in a strong first half result. The Group's associate company, G-Able Thailand, clinched several significant wins, which include the Bank of Tokyo-Mitsubishi, the Metropolitan Electricity Authority, the Electricity Generation Authority, Krung Thai Bank and DTAC, worth a total of S\$25.0 million. G-Able Thailand was also the top partner for Sun Thailand.

IT services remain a driving force

The Group's IT services of Outsourcing, Consultancy and Implementation continued to perform well, accounting for 47.1% of total revenue. Outsourcing revenue rose to S\$34.9 million, up by 46.6% from 1H FY06's S\$23.8 million, contributing to 38.3% of the total revenue.

The Group's outsourcing service achieved a major milestone as it became the first in Southeast Asia and Singapore, to be awarded the prestigious eSourcing Capability Model for Service Providers (Version 2) by the Carnegie Mellon University on 3 November 2006. The certification is testimonial to the Group's robust organisational framework, managed-services delivery capability, methodologies and processes in its outsourcing services and will serve to move a step closer to the Group's target where outsourcing will contribute at least 50% of the total revenue.

Dividends

The Board of Directors has decided to declare an interim dividend of 0.60 cent per ordinary share and this represents a healthy gross yield of 4.62% based on the current share price. The dividends will be paid by 22 December 2006.

** Refers to the last audited financial year ending 31 March 2006.*

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About Frontline Technologies Corporation Ltd

Frontline Technologies Corporation Ltd (SGX: FRLT.SI) is a leading provider of end-to-end IT services in Asia. Established in 1993, Frontline offers consulting, IT infrastructure and enterprise application solutions, systems integration and outsourcing to help organisations harness IT so as to drive operational and cost efficiency, as well as business growth.

The Group has over 3,900 professionals in eight key markets in Asia – Singapore, Malaysia, Thailand, Philippines, China, Hong Kong, Taiwan and India – to meet the specific needs of Corporations across a broad spectrum of industries.

Frontline has been listed on the Main board of the Singapore Exchange since March 2001, and is ranked in the top 10% of the Corporate Transparency Index (CTI) in Singapore.

For more information, please visit www.frontline.com.sg
