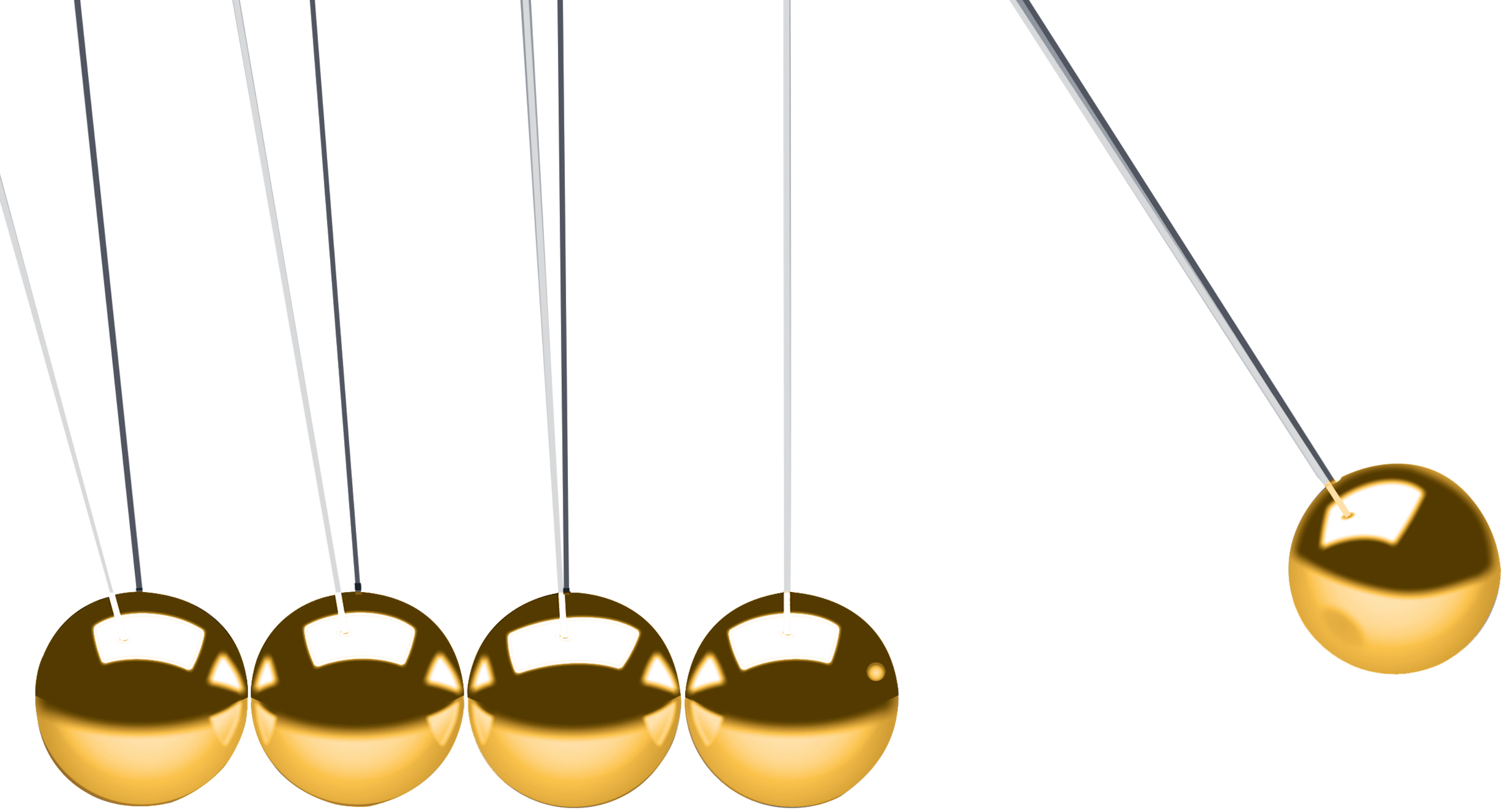

CONSOLIDATE. EVOLVE

annual report 2019

億利達控股有限公司

Globaltec Formation Berhad

(953031-A)

CONTENTS

PERFORMANCE HIGHLIGHTS

(RM'000 unless otherwise stated)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Turnover	217,298	194,825 [1]	177,001 [1] [2]	224,707 [1]	299,368 [1]
Loss before taxation	(41,002)	(36,186)[1]	(12,446)[1] [2]	(12,108)[1]	(38,062)[1]
Loss after taxation	(43,902)	(39,105)	(18,495)	(21,136)	(45,802)
Net loss attributable to owners of the Company	(19,365)	(20,356)	(9,560)	(17,238)	(41,297)
Net loss per share (sen) - basic	(7.197)	(7.565)[3]	(3.553)[3]	(6.406)[3]	(15.347)[3]
Property, plant and equipment	110,324	102,526	109,246	157,608	166,243
Total assets	360,830	368,062	434,605	486,275	515,245
Shareholders' funds	233,317	246,380	276,235	287,699	305,711
Net tangible assets	205,611	217,999	247,230	257,650	263,366
Total debt	21,512	23,115	34,021	37,353	47,428
Total debt/Shareholders' funds (times)	0.09	0.09	0.12	0.13	0.16
Pre-tax loss/Turnover (%)	(18.87)[1]	(18.57)[1]	(7.03)[1]	(5.39)[1]	(12.71)[1]
Pre-tax loss/Share capital (%)	(6.37)[1]	(6.72)[1]	(2.31)[1]	(2.25)[1]	(7.07)[1]
Pre-tax loss/Total assets (%)	(11.36)[1]	(9.83)[1]	(2.86)[1]	(2.49)[1]	(7.39)[1]
Pre-tax loss/Shareholders' funds (%)	(17.57)[1]	(14.69)[1]	(4.51)[1]	(4.21)[1]	(12.45)[1]
Current ratio (times)	1.61	2.87	2.99	2.29	2.07

Notes:
[1] *Excludes discontinued operations.*
[2] *Restated due to a subsidiary within the Automotive division being classified as discontinued operations in financial year 2018.*
[3] *Restated due to the consolidation of 20 shares into 1 share during the current year.*

PERFORMANCE HIGHLIGHTS
(CONT'D)

FY 2019

Segments/Divisions:	Revenue RM'000	Net Profit/(Loss) attributable to owners of the Company RM'000	Total Assets RM'000
IMS:			
Precision Machining, Stamping & Tooling	112,440	11,396	118,964
Automotive Components Design & Manufacturing	99,052	(262)	51,390
IMS: Total	**211,492**	**11,134**	**170,354**
Energy	**-**	**(25,203)**	**107,533**
Resources	**5,806**	**(1,848)**	**51,417**
Investment holding	**-**	**(3,453)**	**99,674**
Consolidation adjustments	-	5	(95,854)
Continuing Operations	**217,298**	**(19,365)**	**333,124**
Discontinued operations	-	-	-
Customer relationships			5,524
Goodwill arising on consolidation			22,182
Total	**217,298**	**(19,365)**	**360,830**

FY 2018

Segments/Divisions:	Revenue RM'000	Net Profit/(Loss) attributable to owners of the Company RM'000	Total Assets RM'000
IMS:			
Precision Machining, Stamping & Tooling	112,503	12,433	102,807
Automotive Components Design & Manufacturing	73,948	(5,983)	53,347
IMS: Total	**186,451**	**6,450**	**156,154**
Energy	**-**	**(22,118)**	**116,742**
Resources	**8,278**	**(290)**	**53,558**
Investment holding	**96**	**(1,406)**	**109,031**
Consolidation adjustments	-	18	(95,776)
Continuing Operations	**194,825**	**(17,346)**	**339,709**
Discontinued operations	10,243	(3,010)	-
Customer relationships			5,919
Goodwill arising on consolidation			22,434
Total	**205,068**	**(20,356)**	**368,062**

GROUP STRUCTURE
AS AT 10 OCTOBER 2019

億利達控股有限公司
Globaltec Formation Berhad
(953031-A)

- 100% Jotech Holdings Sdn Bhd
  - 100% PT Indotech Metal Nusantara [3]
  - 100% Cergas Fortune Sdn Bhd
  - 100% Malgreen Progress Sdn Bhd
  - 100% Yee Heng Precision Stamping Sdn Bhd
- 100% AutoV Corporation Sdn Bhd
  - 100% GFB Automotive Sdn Bhd
  - 100% Automako Sdn Bhd
  - 100% Autoventure Corporation Sdn Bhd
  - 100% Autovisor Plastics Sdn Bhd
  - 100% Aventur Door System Sdn Bhd
  - 100% Brimal Holdings Sdn Bhd
  - 100% Proreka (M) Sdn Bhd
    - 100% Proreka Automotive Parts Sdn Bhd
    - 100% Proreka Plastic Sdn Bhd
    - 100% Proreka Tech Sdn Bhd
  - 84% Nobel Decree Sdn Bhd
  - 70% AutoV Mando Sdn Bhd
  - 50% Proreka Sprintex Sdn Bhd

Investment Holding Segment

Integrated Manufacturing Services Segment

Energy Segment

Resources Segment

GROUP STRUCTURE

AS AT 10 OCTOBER 2019 (CONT'D)

- 100% AIC Corporation Sdn Bhd
  - 100% Prodelcon Sdn Bhd
  - 100% AIC Technology Sdn Bhd
- 100% GFB Technology Sdn Bhd
- 100% Globaltec Energy Resources Sdn Bhd
  - 60% New Century Energy Services Limited [1]
    - 100% New Century Energy Services Sdn Bhd
  - 60% New Century Energy Resources Limited [1]
    - 65% NuEnergy Gas Limited [2] [a]
      - 100% Indon CBM Pty Ltd [2]
        - 95% PT Trisula CBM Energi [3]
      - 100% Indo CBM Sumbagsel II Pte Limited [4]
      - 100% Sheraton Pines Pty Ltd [2]
      - 100% Dart Energy (Indonesia) Holdings Pte Ltd [4]
        - 95% PT Dart Energy Indonesia [3]
        - 100% Dart Energy (Tanjung Enim) Pte Ltd [4]
        - 100% Dart Energy (Muralim) Pte Ltd [4]
        - 100% Dart Energy (Bontang Bengalon) Pte Ltd [4]

Notes
(1) Incorporated in the Cayman Islands
(2) Incorporated in Australia
(a) Listed on the Australia Securities Exchange
(3) Incorporated in Indonesia
(4) Incorporated in Singapore

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP	Group Executive Chairman
Kong Kok Keong	Group Deputy Chairman
Ooi Boon Pin	Chief Executive Officer ("CEO") of Precision Machining & Automation Division/Executive Director
Chen Heng Mun	Executive Director/Group Finance Director
Ash'ari Bin Ayub	Senior Independent Non-Executive Director
Wong Zee Shin	Independent Non-Executive Director
Mej Jen Dato' Mokhtar Bin Perman (Rtd)	Independent Non-Executive Director
Yong Nam Yun	CEO of Automotive Division/ Alternate Director to Kong Kok Keong

AUDIT COMMITTEE

Ash'ari bin Ayub (Chairman)
Wong Zee Shin
Mej Jen Dato' Mokhtar Bin Perman (Rtd)

NOMINATING COMMITTEE

Ash'ari bin Ayub (Chairman)
Wong Zee Shin
Mej Jen Dato' Mokhtar Bin Perman (Rtd)

REMUNERATION COMMITTEE

Ash'ari bin Ayub (Chairman)
Wong Zee Shin
Kong Kok Keong

COMPANY SECRETARIES

Seow Fei San (MAICSA 7009732)
Law Mee Poo (MAICSA 7033423)

EXTERNAL AUDITOR

KPMG PLT

INTERNAL AUDITOR

Axcelasia Columbus Sdn Bhd

SOLICITORS

Ben & Partners
Lee Choon Wan & Co.
Mah-Kamariyah & Philip Koh

REGISTERED OFFICE

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No. 2A, Jalan Stesen Sentral 2,
Kuala Lumpur Sentral,
50470 Kuala Lumpur
Tel : (603) 2276 0195
Fax: (603) 2276 1379

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South,
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603 2783 9299
Fax :+603 2783 9222

PRINCIPAL BANKERS/FINANCIER

AmBank (M) Berhad
Bank Islam Malaysia Berhad
CIMB Bank Berhad
Citibank Berhad
Malaysian Industrial Development Finance Berhad
Malayan Banking Berhad
National Australia Bank
OCBC Bank NISP
Public Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad

DIRECTORS' PROFILE

- **TAN SRI DATUK SERI PANGLIMA (DR.) GOH TIAN CHUAN, JP**
  PSM, SSAP, SPDK, PGDK, ASDK, JP, PhD(h)
- Group Executive Chairman
- Malaysian
- Male, aged 58

Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP ("Tan Sri Datuk Seri Panglima (Dr.) T.C. Goh, JP") is our founder and Group Executive Chairman. He was appointed to our Board of Directors ("Board") on 20 July 2011 and as a member of the Remuneration Committee on 28 March 2012. He resigned as a member of the Remuneration Committee on 17 October 2017. He is also a Non-Executive Director (appointed on 17 December 2014) of NuEnergy Gas Limited ("NuEnergy"), a subsidiary of the Globaltec Group which is listed on the Australian Securities Exchange.

Tan Sri Datuk Seri Panglima (Dr.) T.C. Goh, JP graduated from the Royal Malaysia Police College in 1982 and was a Senior Police Officer attached to the police headquarters Kota Kinabalu, Sabah, Malaysia for thirteen (13) years. He started his own business after leaving the police force in 1994. His businesses at present, apart from his investments in several public listed companies cover a multitude of industries from investment holding to plantations and property development. Tan Sri Datuk Seri Panglima (Dr) T.C.Goh, JP is actively involved in community activities/services and is holding the post of President of the Federation of Chinese Associations Malaysia (Huazong) and the post of President of The Federation of Chinese Associations Sabah ("FCAS").

On 31 May 2012, a merger exercise which integrated the then AIC Corporation Berhad ("AIC"), Jotech Holdings Berhad ("Jotech") and AutoV Corporation Berhad ("AutoV") respective group of companies under our Company ("Merger") was completed. Tan Sri Datuk Seri Panglima (Dr.) T.C. Goh, JP was the Executive Chairman of AIC and Jotech. He was appointed to the board of directors of AIC on 15 June 2006. He was also appointed as a member of the Remuneration Committee of AIC on 31 July 2006. He was redesignated as Executive Chairman of AIC on 2 July 2007. Tan Sri Datuk Seri Panglima (Dr.) T.C. Goh, JP was appointed to the board of directors of Jotech on 1 June 2006 and was also the Chairman of the Remuneration Committee of Jotech.

On 2 October 2006, he was conferred the title of Panglima Gemilang Darjah Kinabalu ("PGDK") which carries the title of "Datuk" by the Honourable Head of State of Sabah, Malaysia. In December 2011, he was appointed as Justice of the Peace ("JP") by the Honourable Head of State of Malacca, Malaysia. On 26 December 2013, he was conferred the title of Sri Sultan Ahmad Shah Pahang ("SSAP") which carries the title of "Dato' Sri" by the Honourable Sultan Ahmad Shah of Pahang Darul Makmur, Malaysia. On 4 October 2014, he was conferred the award Seri Panglima Darjah Kinabalu ("SPDK") by the Honourable Head of State of Sabah, the highest state award in Sabah which carries the title 'Datuk Seri Panglima'. During this year on 9 September 2017, he was bestowed the Panglima Setia Mahkota ("PSM"), which carries the title "Tan Sri" by His Majesty, the Yang di-Pertuan Agong of Malaysia in recognition of his significant contribution to the country and society.

Based on his experiences as a Senior Police Officer and Corporate Leader in Malaysia, he was conferred Honorary Doctorate of Civil Laws by European University Switzerland on 7 April 2012.

DIRECTORS' PROFILE
(CONT'D)

- **KONG KOK KEONG**
- Group Deputy Chairman
- Malaysian
- Male, aged 65

Kong Kok Keong was appointed to our Board on 28 March 2012 as the Group Deputy Executive Chairman and was the Executive Chairman of AutoV Group until his re-designation as Group Deputy Chairman (Non-Independent Non-Executive) on 21 December 2015. He was appointed a member of the Remuneration Committee on 17 October 2017. He was appointed a Non-Executive Director on 21 August 2014 and later redesignated as Non-Executive Chairman of NuEnergy on 17 December 2014.

Kong Kok Keong obtained his B.A (Honours) in Business Studies from Leicester Polytechnic, United Kingdom in July 1979. He started his career with Binder Hamlyn (Chartered Accountants) in United Kingdom as an electronic data processing supervisor from September 1979 to January 1983. He then returned to Malaysia and joined Rashid Hussain Securities Sdn Bhd as a Finance Manager from April 1983 to August 1984. He moved on to Larut Tin Fields Bhd as an accountant from September 1984 to August 1985. From September 1985 to October 1987, he was the Financial Controller of Kimara Securities Sdn Bhd before joining Fountain Industries Sdn Bhd as an accountant from January 1988 to December 1988. Subsequently, he was a Director of Visionplan Systems (M) Sdn Bhd from January 1989 to April 1990. From May 1990 to March 1992, he was a commissioned dealer's representative for Arab-Malaysian Securities Sdn Bhd. He later joined Innosabah Securities Sdn Bhd and served as an Executive Director from April 1992 to December 2001.

- **OOI BOON PIN**
- CEO of AIC Group/Executive Director
- Malaysian
- Male, aged 61

Ooi Boon Pin was appointed to our Board on 28 March 2012 as an Executive Director and he is the CEO of AIC Group.

He graduated with an Honours Degree in Manufacturing Technology from the National Institute for Higher Education (University of Limerick), Ireland in 1981. While studying for his degree, he joined Analog Devices B.V., Ireland, in 1978, a company involved in design and wafer fabrication, assembly and test of semiconductors, as a Product Development Engineer and later as a Process Engineer in the assembly department. Upon his return to Malaysia in 1981, he joined Micro-Machining Sdn Bhd, as a Quality Assurance Engineer where he was in charge of quality assurance in tool room and lead frame stamping facility. He was promoted to the position of Project Engineering Manager and was responsible for the development of new tool designs and end-of-line assembly equipment from design to manufacturing. In 1985 he founded Prodelcon and is its Managing Director from 1996 till now. He was an Executive Director of Jotech since 30 April 1997 but was redesignated as a Non-Independent Non-Executive Director on 20 August 2008. He is also the Vice Chairman of the Penang Skills Development Centre ("PSDC"), Chairman of the Technical Advisory Committee for Applied Engineering at PSDC, board member of the Malaysian Meister and Industry Board and member of the special task force for "Kolej Vokasional" education. He was awarded the Pingat Kelakuan Terpuji by the Governor of Penang in July 2006.

DIRECTORS' PROFILE
(CONT'D)

- **CHEN HENG MUN**
- Executive Director/Group Finance Director
- Malaysian
- Male, aged 49

Chen Heng Mun was appointed to our Board on 28 March 2012 as an Executive Director/Group Finance Director. He is also a Non-Executive Director (appointed on 1 January 2015) of NuEnergy.

Prior to passing the professional exams conducted by the then Malaysian Association of Certified Public Accountants in 1995, Chen Heng Mun worked for KPMG, an international accounting firm from January 1991 to February 1996. He started as an Audit Assistant in KPMG and left as an Audit Supervisor. Subsequently, he joined AIC as Group Accountant in February 1996 and was appointed to the board of AIC on 1 August 2007 as an Executive Director/Chief Financial Officer. He was an Independent Non-Executive Director of Jotech from 3 January 2007 to 2 July 2007. He was appointed to the Board of AutoV on 26 May 2008 as a Non-Independent Non-Executive Director. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Certified Public Accountants, Australia.

- **ASH'ARI BIN AYUB**
- Senior Independent Non-Executive Director
- Malaysian
- Male, aged 77

Ash'ari bin Ayub is our Senior Independent Non-Executive Director and he was appointed to our Board on 28 March 2012. He is also the Chairman of the Audit Committee, Remuneration Committee and Nominating Committee.

He passed the professional examination of the then Malaysian Association of Certified Public Accountants on 24 June 1967. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He started his career with Coopers Brothers & Co as an articled clerk in 1961 and was later promoted to a qualified audit assistant. He served in Coopers Brothers & Co until 1970. Thereafter, he joined various organisations in the government and private sector. He was a senior partner in Coopers & Lybrand for about 20 years from 1974 until his retirement in 1994. Currently, he is an Independent Non-Executive Director of Metrod Holdings Berhad and BCB Berhad.

He has been an Independent Non-Executive Director of AutoV since 20 February 2001. He was also the Chairman of the Audit Committee and Remuneration Committee of AutoV and was a member of the Nominating Committee of AutoV. Subsequent to the Merger, he has resigned from AutoV on 30 June 2012.

DIRECTORS' PROFILE
(CONT'D)

- **MEJ JEN DATO' MOKHTAR BIN PERMAN (RTD)**
- Independent Non-Executive Director
- Malaysian
- Male, aged 66

Mej Jen Dato' Mokhtar Bin Perman (Rtd) is our Independent Non-Executive Director. He was appointed to our Board as a Non-Independent Non-Executive Director on 10 June 2013 and was re-designated as Independent Non-Executive Director on 13 June 2018. He is a member of the Audit Committee and Nominating Committee since 2 January 2014. He joined the Malaysian Army in July 1970. After completing his military training at the Royal Military College, he was commissioned into the Royal Malaysian Artillery Regiment. During his service in the Army, he was sent to attend the various academic and professional courses locally as well as overseas.

In his nearly 40 years of service in the Army, Mej Jen Dato Mokhtar (Rtd) has served in both command and staff appointments at the various units, formations and the Ministry of Defence. He has also represented the Malaysian Army at the various international conferences, seminars and workshops locally and overseas. His last appointment in the Malaysian Army was as the General Officer-In-Command of the Training Command, responsible for the individual training of all Malaysian Army officers and soldiers. He retired from the Malaysian Army in December 2010.

- **WONG ZEE SHIN**
- Independent Non-Executive Director
- Malaysian
- Male, aged 44

Wong Zee Shin is our Independent Non-Executive Director and he was appointed to our Board on 28 March 2012. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee since 28 March 2012.

He graduated with a Bachelor Degree in Finance and Accounting from the University Technology of Sydney, Australia in July 1999. He is a member of the Malaysian Institute of Accountants and Certified Public Accountants, Australia. He started his career in Ernst & Young, an international public accounting firm in Sandakan, Sabah from December 1999 to 2004. In August 2004, he joined Cepatwawasan Group Berhad as an Accountant and later joined Sogomax Sdn Bhd as an Accountant in June 2006. Subsequently in December 2009 to present, he joined Malbumi Estate Sdn Bhd as their Group Accountant.

He was appointed to the Board of Jotech on 2 July 2007. He was an Independent Non-Executive Director of Jotech and was also the Chairman of the Audit and Nominating Committees and was a member of the Remuneration Committee. Subsequent to the Merger, he has resigned from Jotech on 18 June 2012.

DIRECTORS' PROFILE
(CONT'D)

- **YONG NAM YUN**
- CEO of AutoV Group/Alternate Director to Kong Kok Keong
- Malaysian
- Male, aged 53

Yong Nam Yun was appointed as an alternate director to Kong Kok Keong on 6 January 2014 and he is the CEO of AutoV Group.

He obtained his LCCI Diploma from the Jasa College, Malaysia in 1987. He has been involved in his family businesses since 1987, starting with Kum Loong Enterprise Sdn Bhd as Finance Director from 1987 to 1998 and later as the Chief Operating Officer in Kum Loong Plastic Industries Sdn Bhd from 1998 to 2009. In February 2009, he formed KLPI Resources Sdn Bhd and became the Chief Executive Officer. Yong Nam Yun then co-founded Proreka (M) Sdn Bhd in April 2000 and held the position of Chief Executive Officer. He was appointed as an Executive Director of AutoV on 28 December 2011. Yong Nam Yun is also a director and shareholder in KLPI Resources Sdn Bhd, which provides cubic printing and painting services.

Additional Information

Conflict of interest with the Company

None

Family relationships with any Director and/or major shareholder of the Company

None

Convictions for offences (within the past 5 years, other than traffic offences) and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

None

Particulars of material contracts of the Group, involving directors and major shareholders' interest

None

PROFILES OF OUR KEY SENIOR MANAGEMENT

- **KEE YONG WAH**
- Deputy Executive Chairman of Energy Segment
- Malaysian
- Male, aged 60

Kee Yong Wah was appointed a director of NuEnergy Gas Limited ("NuEnergy"), a subsidiary of the Group in the Energy Segment, on 21 August 2014. He was later re-designated as Executive Director on 1 January 2015 and as Deputy Executive Chairman of NuEnergy on 7 April 2016. Kee has more than 30 years of experience in the oil and gas exploration, production and servicing industry. In 1984, he joined Halliburton, a global conventional and unconventional oil and gas servicing company where he held various managerial, business development, operational and manufacturing positions in Asia and the USA. His last appointment in Halliburton was General Manager of Business Development where he was responsible for leading a group of Business Development and Account Managers in undertaking strategic planning and business development projects including mergers and acquisitions for all business units in Haliburton and formulating distributorship and agency agreements with customers. Having left Halliburton, Kee joined Smith International, Inc, a New York Stock Exchange listed company principally involved in the supply of products and services to the oil and gas exploration and production industry, petrochemical industry and other industrial markets as the General Manager of its China operations. Subsequently, Kee served as the Vice President of SPT Energy Group Inc, a company listed on the Hong Kong Stock Exchange that is principally involved in the provision of oilfield services prior to joining NuEnergy. Kee is the founder of New Century Energy Resources Limited, a subsidiary of the Group and a substantial shareholder of NuEnergy.

- **WOON WAI THONG**
- Chief Financial Officer
- Malaysian
- Male, aged 45

Woon was appointed as Chief Financial Officer of the Company on 1 November 2013. Woon has over 20 years' experience in operational and financial management. He is a Chartered Accountant, member of the Malaysian Institute of Accountants. In 1998, he started his career with Deloitte KassimChan as an Audit Assistant and left as an Audit Senior I in 2002. Subsequently, he joined AIC Corporation Berhad, a company then listed on the Main Market of Bursa Malaysia, now part of Globaltec.

Additional Information

Conflict of interest with the Company

None

Family relationships with any Director and/or major shareholder of the Company

None

Convictions for offences (within the past 5 years, other than traffic offences) and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

None

EXECUTIVE CHAIRMAN'S STATEMENT

TAN SRI DATUK SERI PANGLIMA (DR.) GOH TIAN CHUAN, JP
Group Executive Chairman

OVERVIEW

Global Gross Domestic Product ("GDP") growth eased to 3.3% in the first quarter of 2019 due to weak external demand arising from prolonged trade tensions. Advanced economies registered slower growth due to weak domestic and external demands as well as continuation of tight financial conditions. Meanwhile, growth in most emerging market and developing economies softened due to financial and trade policy uncertainties. The Malaysian economy expanded 4.5% in the first quarter of 2019. Growth was supported by domestic activities, particularly private consumption. Total trade however contracted 1.5% to RM435.2 billion following continued challenges in the external environment.

EXECUTIVE CHAIRMAN'S STATEMENT
(CONT'D)

OVERVIEW (CONT'D)

Overall, the Malaysian automotive total industry volume ("TIV") for the first half of 2019 has grown to 296,334 units, up 2.29% from 289,714 units sold in 2018. Malaysian Automotive Association in its press release expects full-year TIV of 600,000 units. It should be pointed out, however, that a more subdued second half is expected - especially compared to last year, during which the industry enjoyed a lucrative three-month tax holiday. Bolstered by a renewed lineup and the strong-selling X70 SUV, Proton (a major customer of the Automotive division of the Group), the national carmaker's sales have shot up a massive 47% from 35,561 to 52,269 units. That has allowed it to leapfrog to 2nd position and is poised to reclaim its former glory of being the Number 1 car maker in Malaysia. Its market share has also swelled from 9% to 15%. And Proton is scheduled to launch several new models (based on Geely's popular and best selling models) end of this year to the middle of next year that will further strengthen its position within the auto industry. Bermaz Auto (the car maker for Mazda cars in Malaysia and also a major customer of the Automotive division) is also the largest "completely built up" exporter out of Malaysia, being one of Mazda's regional hubs.

FINANCIAL AND OPERATIONS REVIEW

The Group's revenue for the current year increased from RM194.8 million in prior year to RM217.3 million. This was due to an increase of RM25.0 million or 13% in the Integrated Manufacturing Services ("IMS") segment's revenue on the back of the Automotive division registering an increase in its revenue contribution. The increase in the Automotive division's revenue is attributable mainly to higher sales orders from a new customer procured by the Automotive division in the second half of the previous financial year. The Precision Metal Stamping and Tooling ("PMST") division's revenue for the current year was consistent with the previous year. The Resources segment registered a decline in its revenue of RM2.5 million due to a decline in oil palm fresh fruit bunches ("FFB") prices and FFB production.

Included in the Group's results for the current year were the Group's effective share of the impairment loss/provision on exploration assets for its production sharing contracts in Indonesia of RM23.9 million (net) (FY2018: RM17.1 million), and the Automotive division's integration and rationalisation costs of Nil (FY2018: RM3.7 million). On a normalised basis (after excluding the above items), the Group's net profit from continuing operations attributable to owners of the Company has increased from RM3.5 million to RM4.6 million year on year. This is attributable to an increase in profits from the IMS segment due mainly to higher revenue generated by the Automotive division but partially offset by higher losses incurred by the Resources segment due to depressed FFB price.

The Group's normalised earnings from continuing operations continued its upward trend year on year from a normalised net loss of RM4.1 million in financial year 2016 to a normalised net profit of RM4.6 million in financial year 2019. This represented a 212% positive turnaround in the earnings from continuing operations. The IMS segment too have seen its normalised net profit quadrupled from RM2.5 million in financial year 2016 to RM11.1 million in financial year 2019.

EXECUTIVE CHAIRMAN'S STATEMENT
(CONT'D)

PROSPECTS

Against the backdrop of a challenging global environment, growth in the Malaysian economy is expected to remain broadly sustained for the year. Growth will be supported by continued expansion in domestic demand amid a moderate support from the external sector. Risks to growth remain tilted to the downside, arising mainly from external uncertainties such as further weakening of global growth and heightened financial market volatility due mainly to trade wars.

Malaysia's sale of vehicles are foreseen to grow 1.4% to reach 609,700 units this year, driven by consumer confidence throughout the year. Key factors to push growth in the country's automotive market in 2019 include amongst others, growth in domestic consumption, growth in private investments, as well as new model launches. The joint venture between Proton and the People's Republic of China ("PRC")'s Geely will pave the way for Proton to assemble and market its cars in the PRC. With Proton as one of our major customers, the Group will be able to tag along with Proton, on the opportunity to ride the growth of the world's largest automotive market and reduce Proton's dependency on the domestic market. The new National Automotive Policy ("NAP") of Malaysia due to be announced end of 2019 will introduce the new National Car Project whilst ensuring that the Malaysian automotive industry remains competitive and benefits the consumers. The new NAP is also expected to dismantle monopolies and include the promotion of new technologies such as energy efficient vehicles and artificial intelligence. All these may stimulate the automotive industry and increase car sales in the future.

The captive market (due mainly to proprietary nature of the information and technology) of high precision machining components for photonics, radio frequency microwave products, advent of 5G, artificial intelligence and high-temperature products and manufacturing of precision surgical instruments and components for life sciences equipment which the precision machining and automation ("PMA") division, a sub division of the PMST division, is in, will continue to provide growth and stability in profits and cash flows to the PMA sub-division.

Another sub-division of the PMST division is the precision stamping and tooling ("PST") division. The PST sub-division operates in Indonesia and sells mainly to the local market in Indonesia. Passenger vehicles and motorcycles industry in Indonesia is expected to grow at 4% to 7% per annum till 2020. Indonesia's GDP growth forecast for 2019 to 2020 ranges from 5.5% to 6% per annum. The strong growth in Indonesia and high demand for automotive products/accessories will be the main impetus for PST sub-division's growth.

EXECUTIVE CHAIRMAN'S STATEMENT
(CONT'D)

FORWARD PLANS AND STRATEGIES

Your Board shares your concerns and urgency to return the Group to profit. It is worth noting, the Group's normalised results is already in the black since last financial year and is improving year on year.

Through its conscientious effort of expanding sales whilst streamlining costs over the years, the Automotive division has narrowed its losses to close to break-even during the financial year. Nevertheless, the Automotive division will continue to develop and secure more businesses from other car makers whilst maintaining a strong and close position in the Proton-Geely supply chain in order to continue to ride on the wave of growth of Proton-Geely in Malaysia and within the region. Proton-Geely, which has been receiving overwhelming response for its new car launches, is expected to launch more car models under the Geely platform end of 2019. The Automotive division also plans to leverage on its strategic alliance with Ningbo Auto Components Industry Association ("Ningbo AIA") of the PRC, and its members to further grow its business with Proton, as Ningbo AIA and its members are existing suppliers to Geely in the PRC.

The PMA sub-division has completed the construction of its 2nd factory in Bukit Minyak, Penang in August 2019. This 2nd factory will enable the PMA sub-division cater to high demand and address its constraints in capacity in its 1st factory. Capitalising on the buoyant growth in Indonesia, the PST sub-division too is planning to expand its 2nd factory to increase capacity to cater for its customers' expansion needs.

The Energy segment's strategy and priority is to secure the approval for the first plan of development for the Tanjung Enim production sharing contract field by working closely with the Indonesian Special Task Force for Upstream Oil and Gas Business Activities and the Directorate General of Oil and Gas.

EXECUTIVE CHAIRMAN'S STATEMENT
(CONT'D)

CORPORATE GOVERNANCE AND INVESTOR RELATIONS

Our Group deems it our top priority in role-modelling ourselves in maintaining high standards in corporate governance practices in managing our businesses and affairs within the Group. To achieve these objectives, your Board and key management staff have been proactively educating ourselves in order for the Group to comply fully with the principles and best practices set out in the Malaysian Code on Corporate Governance and developments of internationally recognised best governance practices. The Group remains committed to espouse and maintain its good corporate governance track record through timely and objective reporting and constant communication with all its stakeholders.

SUSTAINABILITY

Your Board believes in the importance of sustainability of the environment and stakeholders in which the Group operates, in that the improvement in the conditions surrounding our stakeholders, employees, society and the environment, which is the embodiment of sustainability, is vital to the growth of the Group. Your Board recognises that acting in a responsible and sustainable manner creates new opportunities, enhances investor value, and improves social, economic and environmental returns.

APPRECIATION

I wish to express my sincere thanks to all our cherished shareholders for your continued support and wish to reiterate that your Board is committed to improve the Group's performance and enhance shareholders' values.

I would like to express our sincere gratitude to our valued customers, business partners, bankers and the relevant government authorities for their invaluable support.

I also wish to express my gratitude to my fellow Board members, the management and staff for their professionalism and undying commitment to steer the Group towards excellence.

Tan Sri Datuk Seri Panglima (Dr.) TC Goh, JP
Group Executive Chairman
10 October 2019

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group's revenue for the current year increased from RM194.8 million in prior year to RM217.3 million. This was due to an increase of RM25.0 million or 13% in the Integrated Manufacturing Services ("IMS") segment's revenue on the back of the Automotive division registering an increase in its revenue contribution. The increase in the Automotive division's revenue is attributable mainly to higher sales orders from a new customer procured by the Automotive division in the second half of the previous financial year. The Precision Metal Stamping and Tooling ("PMST") division's revenue for the current year was consistent with the previous year. The Resources segment registered a decline in its revenue of RM2.5 million due to a decline in oil palm fresh fruit bunches ("FFB") prices and FFB production.

The Group's revenue and net results by segment/division for the financial year are summarised as follows:

	Financial year ended 30 June					
	Revenue				Net profit/(loss) attributable to owners of the Company	
	2019		2018		2019	2018
Segment/Division	**Amount RM'000**	**%**	**Amount RM'000**	**%**	**Amount RM'000**	**Amount RM'000**
PMST	112,440	52	112,503	55	11,396	12,433
Automotive	99,052	46	73,948	36	(262)	(5,983)
IMS	**211,492**	**98**	**186,451**	**91**	**11,134**	**6,450**
Resources	**5,806**	**2**	**8,278**	**4**	**(1,848)**	**(290)**
Energy	**-**	**-**	**-**	**-**	**(25,203)**	**(22,118)**
Investment holding	**-**	**-**	**96**	*****	**(3,453)**	**(1,406)**
Consolidation adjustments	-	-	-	-	5	18
Continuing operations	**217,298**	**100**	**194,825**	**95**	**(19,365)**	**(17,346)**
Discontinued operations	-	-	10,243	5	-	(3,010)
Total	**217,298**	**100**	**205,068**	**100**	**(19,365)**	**(20,356)**

Note: ** Negligible*

Included in the Group's results for the current year were the Group's effective share of the impairment loss/provision on exploration assets for its coal bed methane ("CBM") production sharing contracts in Indonesia of RM23.9 million (net) (FY2018: RM17.1 million), and the Automotive division's integration and rationalisation costs of Nil (FY2018: RM3.7 million). The impairment loss/provision on exploration assets is further described in the financial and operations review of the Energy segment below.

On a normalised basis (after excluding the above items), the Group's net profit from continuing operations attributable to owners of the Company has increased from RM3.5 million to RM4.6 million year on year. This is attributable to an increase in profits from the IMS segment due mainly to higher revenue generated by the Automotive division but partially offset by higher losses incurred by the Resources segment due to depressed FFB price.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

OVERVIEW (CONT'D)

The Group's normalised earnings from continuing operations continued its upward trend year on year from a normalised net loss of RM4.1 million in financial year 2016 to a normalised net profit of RM4.6 million in financial year 2019. This represented a 212% positive turnaround in the earnings from continuing operations. The IMS segment too have seen its normalised net profit quadrupled from RM2.5 million in financial year 2016 to RM11.1 million in financial year 2019.

Normalised net profit/(loss) attributable to owners of the Company

The Group recorded a net cash outflow of RM17.0 million due mainly to the construction of a new factory by the Precision Machining and Automation ("PMA") division (a sub-division of the PMST division), exploration expenditure, purchase of plant and machinery and repayment of bank borrowings. Nevertheless, cash inflows from operating activities for the current financial year of RM16.1 million were higher compared to the preceding year of RM12.5 million. The cash and bank balances as at year end was RM40.8 million. Comparing year on year, the Group's net assets per share has reduced from RM0.916 to RM0.867 whilst gearing has remained the same at 0.09 times.

IMS SEGMENT

PMST Division

The PMST Division is involved in precision machining & automation ("PMA") and precision metal stamping & tooling ("PST").

During the current financial year, revenue from the PMST Division remained fairly the same at about RM113 million. However, net profit decreased marginally by RM1.0 million due mainly to increase in raw material prices, foreign exchange losses and increase in wages.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

PMA sub-division's new 2nd Plant in Bukit Minyak, Penang

IMS SEGMENT (CONT'D)

PMST Division (Cont'd)

Revenue from the PMA sub-division increased marginally from RM50.8 million in the previous financial year to RM51.3 million for the current financial year. The increase in revenue was driven by higher demand in photonics, radio frequency ("RF") microwave products. The net profit increased by a higher percentage than the increase in revenue attributable mainly to favourable product mix and increase in production efficiency mainly arising from increased automation, such as the use of high technology and high precision machines. The higher augmentation of automation is also an effort to reduce dependency and the vagaries of foreign labour.

The PMA sub-division is exposed to high customer concentration risk, external pricing pressure, and increasing cost of labour and raw materials. In order to reduce these risks, the PMA sub-division has taken the necessary steps to grow its business with customers from various industries. It also implemented kaizen projects to improve production efficiency, cost saving and maintain competitive advantages with high-quality products. By investing to modernise and upgrade its facilities and equipment, this strategy is expected to strengthen its expertise in engineering and production and thereby increasing effectiveness and efficiency and ultimately maximising profits.

Due to burgeoning demand and capacity constraints, the PMA sub-division has invested about RM10 million and completed its 2nd plant with a 56,000 square feet of built up space at Penang Science Park during the current financial year. The new facility has at end August 2019 obtained the certificate of completion and compliance. With the setup of this new plant and new equipment, the PMA sub-division would be able to increase further its machining capacity, broaden existing market by offering better solutions and more complex parts to customers. It will also enable the PMA sub-division to penetrate into new market segments in ultra-high precision parts manufacturing for both local and overseas markets. As at to-date, the PMA sub-dvision is working on several new projects that will bring further growth to this sub-divsion which is currently operating at full capacity.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

IMS SEGMENT (CONT'D)

PMST Division (Cont'd)

Revenue from the PST sub-division was fairly the same year on year at about RM61.0 million. However, higher labour costs eroded the profits of the PST sub-division by RM1.6 million to register at RM4.5 million for the financial year 2019. The PST sub-division is subjected to external pricing pressure, increasing cost of labour and raw materials and foreign exchange fluctuations. In order to reduce these risks, the PMA sub-division has constantly implement ways to improve efficiency such as maximising automation, reviewing production processes and sourcing for cheaper but quality raw materials, in order to bring down costs and be more competitive. Capitalising on buoyant growth and overwhelming demand from customers but constrained by capacity, the PST sub-division is also planning an expansion of its existing facilities.

Automotive Division

Revenue from the Automotive division increased by 34% from RM73.9 million in financial year 2018 to RM99.1 million for financial year 2019. This was due mainly to the increase in sales orders from a major customer obtained in the 2nd half of the previous financial year. In addition, the Automotive division's decision to continue to maintain and build its relationship with Proton-Geely has brought positive growth to the division. Bolstered by a renewed lineup of car models and the strong-selling X70 SUV, Proton's sales have shot up a massive 47% from 35,561 to 52,269 units. That's allowed Proton to leapfrog to 2nd position and is poised to reclaim its former glory of being the Number 1 car maker in Malaysia. During the financial year, the Automotive division has a one off net expense/reduction to earnings of RM0.9 million arising from the adoption of Malaysian Financial Reporting Standards 15, *Revenue from Contracts with Customers* (which took effect during the current financial year). Excluding this one-off adjustment, the Automotive division has returned to profits of RM0.6 million from a loss of RM6.0 million year on year, on the back of the increased revenue.

The Automotive division has 2 major customers that represent about 82% of its total revenue for financial year 2019. As such, the Automotive division is exposed to high customer concentration risk. Apart from this, the Automotive division is exposed to external pricing pressure and threats of competitors. In order to reduce these risks, the Automotive division has taken the necessary steps to grow its business with customers from various car makers.

Proton-Geely is expected to launch new models and gradually increase the localisation content of its existing Proton-Geely models, subsequent to the financial year 2019. Premised on this, the Automotive division actively continues to maintain a strong and close position in the Proton-Geely supply chain in order to ride on the next growth chapter of Proton-Geely in Malaysia and within the region. The Automotive division also plans to leverage on its strategic alliance with Ningbo Auto Components Industry Association ("Ningbo AIA") of the PRC, and its members to grow its business with Proton, as Ningbo AIA and its members are existing suppliers to Geely in the PRC.

RESOURCES SEGMENT

The Resources Segment experienced a drop in its revenue from RM8.3 million in the prior year to RM5.8 million, due to a decrease in FFB production and FFB prices. Average FFB prices fell significantly by about 30% from RM510 per metric tonne in financial year 2018 to RM361 per metric tonne for financial year 2019.

In tandem with the decline in revenue, the Resources segment's net loss widened from RM0.3 million for the previous financial year to RM1.8 million in the current financial year.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

ENERGY SEGMENT

The Energy Segment incurred a higher net loss of RM25.2 million versus a net loss of RM22.1 million in the prior financial year due mainly to higher impairment loss/provision on exploration assets mentioned earlier.

The 6th year exploration period for the Bontang Bengalon PSC ended on 8 October 2018. The Energy segment had in October 2018 submitted a proposal, with the support of and through the Indonesian Special Task Force for Upstream Oil and Gas Business Activities ("SKK Migas") to the Ministry of Energy and Mineral Resources ("MEMR") for a contract amendment to allow for the extension of the Bontang Bengalon PSC's exploration period and to continue with further exploration program development. However, the Energy segment has subsequent to the financial year end received a notice of termination from the authorities for its Bontang Bengalon PSC. The Bontang Bengalon PSC was terminated on the grounds of non-discovery of CBM at the end of the PSC's 6th contract year. The Energy segment is currently appealing against the termination. With regards to the Muara Enim II PSC, the 8th year exploration period expired on 31 March 2019 and the Energy segment is in the process of applying extension to continue operations. At the date of signing this report, the Muara Enim II PSC has not been extended while the Energy segment continues discussion with the Indonesian Ministry of Energy and Mineral Resources to obtain extension for the PSC.

Based on the above, the Board has taken the prudent view to impair in full the carrying value and made additional provision for potential losses of the Exploration and Evaluation assets relating to the Bontang Bengalon and Muara Enim II PSCs totalling RM46,191,000(net).

Excluding the above non-recurring impairments/provisions, the yearly normalised net loss of the Energy segment constituted mainly of administrative and personnel expenditure, which was substantially lower for the current financial year at RM1.3 million as compared to RM5.0 million in the prior year. As at end of the financial year, the carrying value of the Exploration and Evaluation assets amounted to RM99.3 million with a total of RM10.3 million exploration expenditure incurred in financial year 2019.

The Energy segment has CBM assets in South Sumatra in Indonesia that gives us a total acreage of 2,699 km^2. The Energy segment is the operator of all the CBM assets and 24 wells have been drilled to-date for the South Sumatra PSCs.

Summary of the expenditure incurred on exploration and development activities during the year under review is as below:

	PSC					
	Muara Enim RM'000	**Muara Enim II RM'000**	**Tanjung Enim RM'000**	**Muralim RM'000**	**Bontang Bengalon RM'000**	**Total RM'000**
Exploratory activities and drilling programs	738	736	2,818	3,815	2,197	10,304

Tanjung Enim PSC

The Energy segment's strategy and priority is to secure the approval for the first plan of development ("POD") for the Tanjung Enim PSC field ("POD I") by working closely with SKK Migas and the Directorate General of Oil and Gas ("MIGAS").

The proposed POD I plans for the development of 209 wells in the identified areas of the Tanjung Enim PSC covering about 33km^2 (or 13% of the total Tanjung Enim PSC acreage), where the gas will be transported through a 24km new pipeline to be built as part of this POD I to the north of the Tanjung Enim PSC, linking to the nearby existing infrastructures, including connecting to PT Pertamina Gas's transmission pipeline situated in the north of the Tanjung Enim PSC that has greater market access and flexibility to the Palembang area. The Indonesia Research and Development Center for Oil and Gas Technology has confirmed and certified reserves totaling ~164.89 billion standard cubic feet (bscf) of gas.

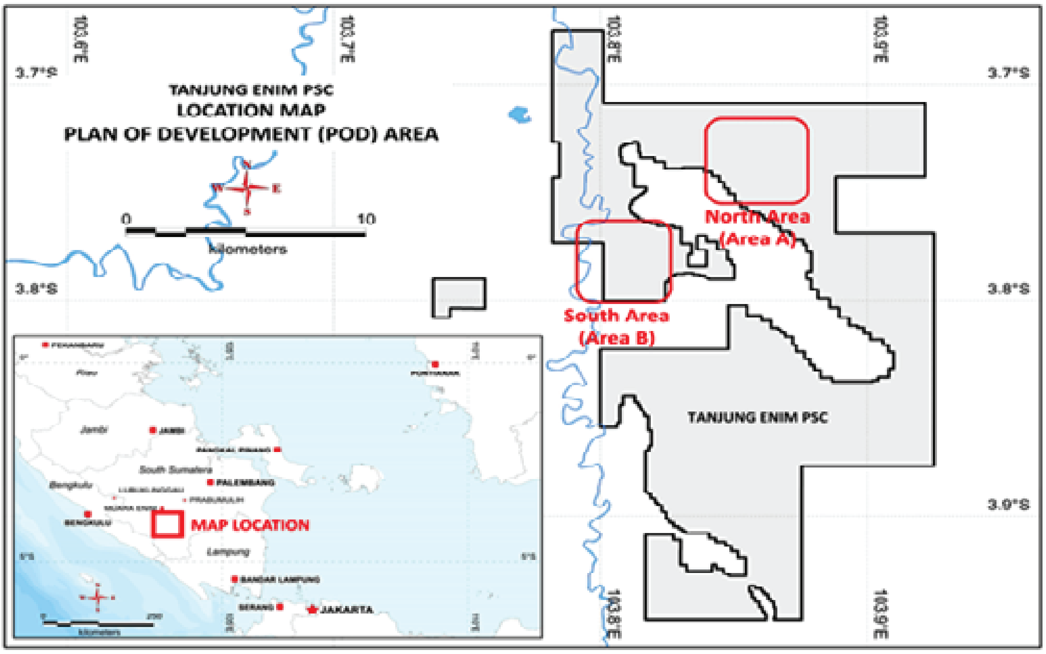
MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

ENERGY SEGMENT (CONT'D)

Tanjung Enim PSC (Cont'd)

Following the submission of the POD I by the Head of SKK Migas to the Minister of Energy and Mineral Resources, MIGAS facilitated consultation with the local government and communities as part of the POD I approval process involving various stakeholders. The objective of the local government consultation was to communicate the latest progress and facts of the POD I and to address any local government and community concerns and to secure their support to progress the POD I. Through this consultation process, the POD I for the Tanjung Enim PSC has received the required support from the local government and communities to proceed which is key for the POD I approval.

Target Development Areas of the Tanjung Enim PSC POD (POD I)



The Energy segment together with MIGAS, SKK Migas and the MEMR continued conducting review and evaluation to optimise the economics of the POD I for the Energy segment, the partners and the Government of Indonesia. The optimisation included the modification of the production facilities and drilling rigs to CBM fit for purpose and change to the development layout to reduce the land requirement or foot print. In addition, the Energy segment and partners submitted the proposal to SKK Migas for the Tanjung Enim PSC to convert from the cost recovery scheme to the Gross Split scheme to further improve on the economics of the POD I through less stringent contract regulation and increased flexibility and efficiency provided under the Gross Split contract.

Concurrently, the Energy segment has progressed the gas sales discussion with PT Pertamina Gas and has agreed some key milestones towards signing the Gas Sales and Purchase Agreement. The Energy segment is also having discussions with other potential buyers to access a higher range of gas prices along the transmission pipeline situated in the north of the Tanjung Enim PSC, which has greater market access and flexibility to the city of Palembang in South Sumatra.

With the progress made, the Group is optimistic that the POD I will soon become the first CBM POD to be approved in Indonesia.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

ENERGY SEGMENT (CONT'D)

Muralim PSC

During the financial year, the Energy segment continued with the drilling activities in the Muralim PSC following the extension of its Exploration Period to 2 December 2020. The drilling activities covered the drilling of two wells (MU-005 and MU-006) which have to be completed to fulfil the PSC exploration firm commitments by 2 December 2018.

The drilling results revealed good quality coal formation similar to the reservoir characteristic of the other South Sumatra PSCs (Tanjung Enim PSC, Muara Enim PSC and Muara Enim II PSC) located within the 125km radius towards the east of the PSC where results from logging revealed 5 coal seams with total thickness of 27 meters with average 5 meters from a single seam. The MU-006 well was completed and ready to be put on production test while MU-005 well was half drilled. On 2 December, the MU-006 was left shut-in and the MU-005 was temporary suspended.

The Energy segment subsequently proposed to the authorities an additional time to complete the exploration firm commitment and to convert the Muralim PSC to the Gross Split contract. The Energy segment, alongside PT Medco CBM Pendopo ("Medco"), the partner to Muralim PSC and the Indonesia Government agreed to amend and restate the Muralim PSC to the Gross Split PSC scheme and on 11 February 2019 executed the Muralim Gross Split PSC with the Indonesian MEMR.

Rig Site at MU-006

The Gross Split PSC scheme will provide the flexibility in respect of the business and the regulatory processes as well as operational execution in order to achieve the highest level of efficiency which is required by the low cost and fast moving CBM industry in Indonesia currently. The Gross Split PSC replaced the previous cost recovery scheme in favour of a higher contractor share of revenues based on a Gross Production Split. The conversion to Gross Split PSC is a step in the right direction that will provide the opportunity to strengthen the project economics while at the same time lessening the bureaucratic burden on the execution of the project.

With the contract conversion to the Gross Split PSC, the Energy segment also received approval to complete the remainder works for the two wells (MU-005 and MU-006) drilled as part of the work to fulfil all the PSC exploration firm commitments beyond the deadline of 2 December 2018 (the end of the 8th contract year). Planning is underway to complete the remainder works for the two wells and to commence the Pilot Production Program with the aim of booking reserves and preparing the POD by December 2020.

During the financial year, subject to the approval of the Indonesian government, the Energy segment increased its participating interest from 50% to 100% in the Muralim PSC by entering into an agreement with Medco.

SUSTAINABILITY STATEMENT

Our sustainability leadership is led by our Board of Directors (“Board”), which oversees and ensures that Globaltec Group pursues its commercial objectives, and remains a responsible and sustainable organisation. Information on the Board, Board Charter, Board Committees and their Terms of Reference, Corporate Governance Report, Code of Ethics and Conduct, Shareholders Communication Policy, Whistleblowing policy and Auditors Evaluation Checklist is available on our corporate website.

GOVERNANCE STRUCTURE

Our Group Executive Chairman leads and solidifies Globaltec’s sustainability practices across the management and operational fronts, with the respective Divisional Chief Executive Officers being responsible and leader for their respective segment or division’s sustainability practices. We interact with a large number of different stakeholders. We empower all our business and functional units to regularly engage with their respective stakeholders to ensure that key issues impacting our stakeholders are addressed in our practices and business strategies.

SCOPE

The Board believes the improvement in the conditions surrounding our stakeholders, employees, society and the environment is vital to the growth of the Group. The Board recognises that acting in a responsible and sustainable manner creates new opportunities, enhances investor value, and improves social and environmental returns. The scope of this Sustainability Statement covers the period from 1 July 2018 to 30 June 2019.

Through this Sustainability Statement, we aim to provide greater insight into our Group’s sustainability practices. This statement elaborates on the Group’s efforts and initiatives undertaken in the financial year ended 30 June 2019 as a baseline for the Group to move forward.

AWARDS AND RECOGNITIONS

Some of the notable awards and recognition received during the financial year are as below:

Honda Most Improved Cost Award 2017

Majikan Elektronik Terbaik

Toyota Outstanding Delivery Award 2018

MPC Creanova Lean Award 2017

SUSTAINABILITY STATEMENT
(CONT'D)

AWARDS AND RECOGNITIONS (CONT'D)

Mitsubishi Best Development Award 2017

MPC Sustenance Of Quality Environment/5S Management System

STAKEHOLDER ENGAGEMENT

We believe fostering relationships with our key internal and external stakeholders strengthens our Group and we ensure communication channels are kept open as designated representatives from all divisions consistently engage with key stakeholders through various mechanisms, including dialogues and meetings. These engagements are vital to keep us on track towards our sustainability goals - they provide us important feedback and inspiration as we work together to address material sustainability issues.

Stakeholder Group	Stakeholder Engagement	Material Sustainability Issues
Employees	• Engagement/Appraisal sessions • Sports & recreational activities • Campaigns/Health checkups • Internal communications • Volunteer programs • Employee survey • Continuous improvement activities	• Economic contribution • Job retention • Human rights • Training and development • Employee welfare • Financial stability • Occupational health and safety • Environmental protection
Customers	• Customer service (pre, during and post sale) • Customer evaluation/score card/survey • Dialogue sessions • Correspondences • Meetings • Recreational activities • Participation in associations • Customer audits	• Environmental protection • Financial stability • Product liability and responsibility

SUSTAINABILITY STATEMENT
(CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

Stakeholder Group	Stakeholder Engagement	Material Sustainability Issues
Shareholders	• General meetings • Announcements/Media & Analyst briefings • Quarterly reporting • Correspondences	• Economic contribution • Regulatory compliance
Lenders	• General meetings • Announcements/Media briefings • Quarterly reporting • Correspondences • Meetings	• Economic contribution • Regulatory compliance
Suppliers	• Periodic meetings • Suppliers evaluation/audit • Dialogue sessions • Correspondences • Meetings • Recreational activities • Trainings	• Procurement practices • Financial stability • Environmental protection • Product liability and responsibility
Communities	• Community health and business awareness programmes • Charitable contribution • Training, internship and job placements • Meetings • Sports & recreational activities	• Economic contribution • Jobs creation • Environmental protection • Product liability and responsibility • Community awareness and development
Government and regulatory authorities	• Dialogue sessions • Correspondences • Meetings • On-site inspections	• Regulatory compliance • Environmental protection • Occupational health and safety • Human rights • Product responsibility

SUSTAINABILITY STATEMENT
(CONT'D)

SUSTAINABILITY MATERIALITY MATRIX

Importance to stakeholders		Importance to Globaltec Group: Low	Importance to Globaltec Group: Medium	Importance to Globaltec Group: High
	High		• Jobs creation	• Economic contribution • Human rights • Product liability and responsibility • Occupational health and safety • Financial stability • Employee welfare • Training and development • Regulatory Compliance
	Medium		• Environmental protection • Community awareness and development	• Procurement practices
	Low			

SUSTAINABILITY PRACTICES

Our sustainability practices cover the following key areas:

Occupational Health and Safety

Policies, including any updates as well as any training on occupational health and safety matters are provided to employees. In line with this, designated officers, in our major subsidiaries, are assigned to ensure the policies are adhered and implemented effectively and safety audits are conducted regularly. Use of personal protective equipment and regular periodic machine and equipment check and maintenance are enforced throughout the Group to ensure safety of employees as well as visitors who visit the plants. Fire drills and fire-fighting training, health and safety programmes are also carried out every year to create awareness and to educate employees on occupational health and safety related matters. General health and medical checkups for employee are also conducted regularly. In addition, the operations personnel have been trained and are always ever ready to respond promptly in the event of an industrial accident. All personnel are encouraged to report all incidents, near misses and concerns to embed a culture of continual learning and improvement of health, safety and environment ("HSE") performance.

SUSTAINABILITY STATEMENT
(CONT'D)

SUSTAINABILITY PRACTICES (CONT'D)

Human Resources, Safety & Environment Week

Employee and Community Welfare and Development

We are committed to being an employer that implements good labour and human rights practices with regard to our 1,000 odd employees.

Training is provided to the employees. The training comprises both technical, soft skills and includes grooming future leaders. Apart from training, employees are also provided with term life, personal accident, medical and healthcare insurance and adequate leave and compensation programs which commensurate with their rank and level of employments.

Further, the Group acknowledges the need to provide a healthy and balanced lifestyle to its employees and also giving back to the community. In this aspect, various initiatives, such as celebrations with the staff on major festival days, health talk, blood donation, traffic safety and anti-dadah campaigns, family day, social events and sports activities were organised by our major subsidiaries. The Energy segment prior to its unconventional gas drilling and related activities will ensure the community in the relevant areas are briefed and educated on the unconventional gas activity, its benefits, effects as well as the risks related thereto in order to provide an understanding and to avoid any untoward accidents to the community. A subsidiary during the financial year made some donations to an orphanage foundation, contributed some medical equipment aid to the community and provided financial aid to employees who were affected by floods.

The Board has formalised and adopted a Gender and Workplace Diversity policy. This can be seen in our multi-racial work force with a balanced age and gender composition. In addition, formal succession planning has been put in place at the Group level for key positions, to ensure continuity and to provide assurance as well as drive motivation among senior key management.

The Group also insures for public liability to compensate for any potential loss that may arise within the operational facilities.

SUSTAINABILITY STATEMENT
(CONT'D)

SUSTAINABILITY PRACTICES (CONT'D)

Employee And Community Welfare and Development (Cont'd)

The Energy segment is committed to acting openly and honestly with the local communities in which we operate by establishing engagement programmes at the early stages of any drilling and development projects and keeping the people informed throughout the lifecycle of the project. An important part of local engagement involves setting up a community liaison groups within the local area of any proposed site or planning application. The Energy segment invites local councillors and representatives from the community to attend regular meetings where it can ensure that its 'neighbours' have access to the most up to date and relevant information and expert guidance. This keeps the 'neighbours' well informed of the Energy segment's progress and of the facts about its operations. It also provides an opportunity for the community to share their concerns with us and provide feedback on our plans.

Provision of financial aid to employees who were victims of the flood in Penang

Meeting with East Kutai regency government on the environmental permit for Bontang Bengalon PSC

Blood donation campaign

SUSTAINABILITY STATEMENT
(CONT'D)

SUSTAINABILITY PRACTICES (CONT'D)

Education and Training

Education continues to be a key beneficiary of the Group's corporate contribution, in line with its belief that education plays a key role in nation building. During the financial year, the Group contributed financially to "Klik & Bijak", a programme for the Royal Malaysian Police Force's children, to provide an e-learning experience through an online education portal. Through this application, the programme's vision is to provide assistance to the police force's children that are still studying to access online tuition classes on the go. The Group also offers industrial training attachments to undergraduates from the local universities and technical colleges as part of ongoing commitment towards providing the necessary exposure and training to students of today. A major subsidiary joined as a host in one of the Skills Upgrading Programmes For Technical Workforce (The Malaysian Meister Program). The programme was initiated by the Penang Skills Development Centre in November 2016 and is funded by the Penang state government. This subsidiary sponsored 6 trainees beginning in November 2016 for a 2 years programme. The trainees are paid with salary where training is conducted at both the workplace and training institutions under the guidance of competent coaches and classroom trainers. The objective of the programme is to enable employees/fresh school leavers to obtain an internationally recognised certification and to ensure consistent supply of outstanding, well-trained, and technically competent employees as the talent pipeline for future business needs. On a yearly basis, the key subsidiaries will conduct regular in-house training by internal senior employees and/or external training providers to promote continuous learning, innovation and improve employees morale and motivation.

Environmental Preservation

It is our policy to comply with environmental laws governing plant operations, maintenance and improvement in areas relating to environmental standards, emission standards, energy conservation, housekeeping and storage methods, noise level management and treatment of plant effluents and waste water. In addition, certain of our factories are certified to the international environmental management systems standard, ISO 14001. We practise ethical procurement and vendor management and selection of vendors is governed by the Purchasing Manual. The Group also has continuous improvement activities to enhance environmental preservation through regular efforts to further increase energy efficiency and further reduce pollutants such as carbon dioxide and carbon monoxide emissions.

Shareholders, Investors and Financiers

We recognise our responsibility to give our shareholders, investors and financiers a fair return on their investments/lending and are committed to protect their investments/loan entrusted/financed to us. A stringent internal control and risk management system and policies are in place to uphold the principles of good corporate governance and manage risks proactively, to safeguard the best interest of our shareholders. The Group will continuously foster a culture of transparency, credibility, excellence and reliance in our people and business practices. Multiple communication channels have been established to disseminate material information of the Group to its investors, potential investors and public at large, such as quarterly and other announcements made through Bursa Malaysia Securities Berhad, financial highlights and presentations and policies are published on the Company's website and in periodical press releases or presented in general meetings and investor briefings. As part of our responsibility to ensure fair and transparent disclosure of information to shareholders and stakeholders, we regularly update the Company's and the major subsidiaries' webpages. In addition, the internal audit of the Group is outsourced to an independent party that reports directly to the Audit Committee, which further gives credence of our fair and transparent disclosures to stakeholders.

SUSTAINABILITY STATEMENT
(CONT'D)

SUSTAINABILITY PRACTICES (CONT'D)

Customers

Our aspiration to give the best in terms of quality and reliability through our products and services is what pushes us to move ahead. Satisfying customer needs has always been our top priority. The Group's manufacturing division has been accredited with various certifications that reflect our quality processes and manufacturing practices. These accreditations serve as testaments that we only deliver the best to the market. We strive to uphold the highest standards of ethics and professionalism in the provision of goods and services to ensure customer satisfaction. We value customers' feedbacks, comments and engage in constructive discussions and strive to be a key supplier to our customers. Together with our customers, we address complicated challenges and utilise our knowledge and technology to meet their needs. As a result, raw material processing as well as labour and overhead utilisation takes place in the most productive and efficient way.

Suppliers

We value our suppliers, vendors and contractors as partners and will engage in fair operating practices that promote mutual respect. Our procurement department ensures that we engage in responsible procurement practices which is reinforced with the requirement for all our active registered vendors to periodically acknowledge their commitment to our code of conduct. Our initiatives start with the supplier selection process incorporating sustainability considerations such as quality materials and environmental compliance. Compliance and commitment by vendors and suppliers to conduct business with us in a transparent manner is sought through performing audits and making continuous improvements in our procurement processes and policies. The Group views the vendors as a key business partner and emphasises to the suppliers the need to comply with all rules and regulations including health and safety standards, and labour standards, avoid conflict of interest, conserve the environment, and notify the Group of any breaches or non-conformance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") is committed to ensure that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

Set out below is a statement of how the Group has applied the principles of the Malaysian Code on Corporate Governance 2017 (the "Code"), having regard to the recommendations stated under each principle. The Company also discloses the application of each practice set out in the Code, during the financial year in a report prescribed by Bursa Malaysia Securities Berhad ("Corporate Governance Report"). The Corporate Governance Report is announced together with the Company's Annual Report and can also be found on the Company's website at www.globaltec.com.my

SECTION 1: DIRECTORS

THE BOARD OF DIRECTORS

An effective Board leads and controls the Group. The Board meets at least five (5) times a year, with additional meetings convened as necessary. In addition, the Board also attends general meetings and meetings with management from time to time. All Board members bring an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board held five (5) Board Meetings during the financial year. The details of attendance of each individual Director are as follows:

Name	Meetings Attended
Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP ("Tan Sri Datuk Seri Panglima (Dr.) TC Goh")	3/5
Kong Kok Keong	5/5
Ooi Boon Pin	5/5
Chen Heng Mun	5/5
Ash'ari bin Ayub	5/5
Wong Zee Shin	5/5
Mej Jen Dato' Mokhtar bin Perman (Rtd)	5/5
Yong Nam Yun (alternate to Kong Kok Keong)	5/5

The Board has delegated specific responsibilities to three (3) subcommittees, namely Audit Committee, Nominating Committee and Remuneration Committee. All committees have written terms of reference and procedures, and the Board receives reports of their proceedings and deliberations. These Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibilities for the final decision on all matters, however, lie with the Board. The Company has an authority limit manual that clearly delineates relevant matters and applicable limits which the Board may delegate to the Board Committees and the Management.

Director(s), prior to accepting new directorships in other companies outside the Group, must inform the Group Executive Chairman of the Board of such appointment and an indication of the time the Director(s) will spend on the new external appointment. The Directors should be aware of their responsibilities to the Group and shall dedicate sufficient time to carry out such responsibilities. The Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company, as only the Senior Independent Non-Executive Director holds independent non-executive director roles in two (2) other public listed companies (which is other than a subsidiary of the Group).

BOARD CHARTER

The Board has adopted a charter, which amongst others, provides guidance to the Board in discharging their roles, responsibilities and duties. The Board Charter also inter-alia outlines the balance and composition of the Board, the Board's authorities, schedule of the matters reserved for the Board, the establishment of Board committees and the processes and procedures in convening board meetings. The Board Charter is reviewed annually and is posted on the Company's website. The Board Charter was last reviewed on 29 August 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

SECTION 1: DIRECTORS (CONT'D)

BOARD BALANCE AND RESPONSIBILITIES

The Board, headed by the Group Executive Chairman currently has eight (8) members, comprising three (3) Executive Directors, one (1) Non-Independent Non-Executive Director, three (3) Independent Non-Executive Directors and one (1) alternate director. Together, the Directors bring a wide range of business and financial experience relevant to the Group. A brief description of the background of each Director is presented on pages 7 to 11.

Tan Sri Datuk Seri Panglima (Dr.) TC Goh is the Group Executive Chairman who provides leadership of the overall group strategy/direction, leads the management committee, regularly reviews the overall Group's operational performance and represents the Group to the various stakeholders whereas the day to day business operations are managed and led by the respective divisional Chief Executive Officers ("CEOs")/Managing Directors namely Ooi Boon Pin, the CEO of the Precision Machining and Automation Division, Yong Nam Yun, the CEO of the Automotive Division, Kee Yong Wah, the Deputy Executive Chairman of Energy Segment and Pang Kim Fan, CEO of the Resources Segment. In addition, majority of the Board members are non-executive directors and as such, there is a clear division of responsibility for these roles to ensure balance of power and authority. Premised on the above, the Board deems the departure from the Code's recommendation where the chairman of the Board is not an independent director, majority of the Board must comprise independent directors, as appropriate. Furthermore, the Board acknowledges that the Group Executive Chairman is the single largest shareholder and there is the advantage of shareholder leadership and a natural alignment of interest. In respect of potential conflicts of interest, the Board is comfortable that there is no undue risk involved as all related party transactions are disclosed and strictly dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia. Moreover, the presence of Independent Directors ensures that there is independence of judgement.

The Board is responsible for the stewardship of the Group.

The Board reserves a formal schedule of matters for its decisions to ensure that the direction and control of the Group is firmly in its hands. This includes corporate plans, strategic issues and planning, material acquisitions and disposal of assets/investments and capital expenditure, changes to senior management and control structure of the Group, including key policies, procedures and authority limits, material financing and borrowing activities.

The principal responsibilities of the Board are:

- reviewing and adopting a strategic plan for the Group;
- overseeing the conduct of the Group's strategic plan for the investments and capital expenditure;
- identifying principal risks and ensure the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing executive directors and senior management;
- developing and implementing an investor relations programme or shareholder communications policy for the Group;
- determining the remuneration of non-executive directors, with the individuals concerned abstaining from discussions of their own remuneration; and
- ensuring that the Group adheres to high standards of ethics and corporate behaviour.

In overseeing the conduct of the Group, the Board shall ensure that an appropriate financial planning, operating and reporting framework as well as an embedded risk management framework are established. Elements under this combined framework include the operating plan and budget, financial statements, divisional strategic/performance reviews reports and risk management reports.

The role of the Non-Executive Directors is to provide independent and objective views, constructively challenge and actively play a part in the development of the business objectives and strategies of the Group, ensure effective check and balance in the proceedings of the Board and that no individual has unrestricted power or influence over any Board decision. Ash'ari bin Ayub, the Audit Committee Chairman, is the Senior Independent Non-Executive Director to whom concerns may be conveyed.

The Company considers that the complement of Non-Executive Directors provides an effective Board with a mix of knowledge and broad business and commercial experience. This balance is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, and take into account of the long term interests of the Company. The Board is satisfied that the current Board composition fairly reflects the interest of minority shareholders in the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

SECTION 1: DIRECTORS (CONT'D)

BOARD BALANCE AND RESPONSIBILITIES (Cont'd)

The Board has formalised and adopted a Gender and Workplace Diversity policy, which encompasses diversity in, amongst others gender, age, ethnicity and cultural background. The Directors, whose experience, knowledge and skills are entrenched in various industries reflect the diverse nature of the Group's operations. However, achieving gender diversity is challenging, particularly in the industries the Group is in. Notwithstanding this, the Board will work towards introducing the female composition of our Board when suitable candidates are identified.

In addition, the Board takes cognisance of the Code's recommendation that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. As prescribed in the Board Charter, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's redesignation as a Non-Independent Director. The Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years. As at the end of the financial year, Ash'ari bin Ayub and Wong Zee Shin, two (2) of the longest serving Independent Directors have been in service for seven (7) years. Mej Jen Dato' Mokhtar bin Perman (Rtd) has been an Independent Director of the Company for a year.

The Board has established a succession planning process for key senior management staff in all key business areas where candidates are identified for the roles. The potential candidates are nurtured with the relevant training and skill development programmes, as well as relevant job-related exposures to the relevant positions in preparation for such candidates to assume higher levels of responsibilities.

SUPPLY OF INFORMATION

All Directors review Board reports prior to the Board meeting. These papers are issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board paper includes, among others, the following details:

- Quarterly performance report of the Group
- Major risk, strategic, operational and financial issues
- Business outlook
- Material legal matters
- Information on related party transactions
- Circular resolutions passed
- Announcements and press releases made
- Internal control concerns
- Policies and governance matters
- Reserved matters such as corporate plans, material acquisitions and disposals

All Directors have access to the advice and services of the Company Secretaries and take independent professional advice, if necessary, at the Company's expense. Before incurring such professional fees, the Director concerned must consult with the Group Executive Chairman.

AUDIT COMMITTEE

The Audit Committee report is presented on pages 44 to 47 of this annual report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

SECTION 1: DIRECTORS (CONT'D)

APPOINTMENTS TO THE BOARD

The Code endorses, as good practice, a formal procedure for appointments to the Board, with a Nominating Committee making recommendations to the Board. The Code, however, states that this procedure may be performed by the Board as a whole, although, as a matter of best practice, it recommends that these responsibilities be delegated to a committee.

New appointees will be considered and evaluated by the Nominating Committee. The Nominating Committee will then recommend the candidates to be approved by the Board. The Company Secretary will ensure that all appointments are properly made, that all necessary information is obtained, as well as all legal and regulatory requirements are met.

NOMINATING COMMITTEE

The Nominating Committee consists entirely of Independent Non-Executive Directors and the members are as follows:

- Ash'ari bin Ayub (Chairman)
- Wong Zee Shin
- Mej Jen Dato' Mokhtar bin Perman (Rtd)

The terms of reference and authority of the Nominating Committee is available on the Company's website. The appointment of Chairman to the Nominating Committee is in line with the Code as the Code recommends that the Senior Independent Director be the Chairman of Nominating Committee.

The primary objectives of the Nominating Committee are to assess the performance and effectiveness of the Directors, the Board and Board Committees on an annual basis, to evaluate suitability of candidates and make recommendations to the Board on all new Board appointments. The potential candidate may be proposed by existing directors, senior management, shareholders or third party referrals. In doing so, the Nominating Committee also takes cognisance of the Board's need for the board composition to reflect a range of skill, mix and expertise, high levels of professional skills and appropriate personal qualities. In addition, the Nominating Committee notes that the qualifications for Board membership are the ability to make informed business decisions and recommendations, an entrepreneurial talent for contributing to the creation of shareholder value, relevant experience, the ability to appreciate the wider picture, ability to ask probing operational related questions, high ethical standards, sound practical sense, and total commitment to furthering the interests of shareholders and the achievement of the Company's goals. Besides reviewing the candidate's resume and other biographical information, the assessment process may include, at the Nominating Committee's discretion, conducting legal and background searches as well as formal and informal interview.

As an integral element in the process of appointing new directors, the Nominating Committee ensures that there is appropriate orientation and education programme for new Board members, supplemented by visits to key locations and meetings with key senior executives. The Nominating Committee is also empowered to assess the performance of the Directors, effectiveness of the Board and Board Committees as a whole. During the financial year, the assessments for the Board and Board Committees are mainly on their respective roles and responsibilities whereas the assessment for the Directors (including for the purpose of re-appointment) covers inter-alia the following competencies:

- Knowledge
- Integrity
- Governance
- Risk management
- Teamwork
- Judgement and problem solving
- Business alliances and networks

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

SECTION 1: DIRECTORS (CONT'D)

NOMINATING COMMITTEE (Cont'd)

The activities of the Nominating Committee during the year were as follows:

- Reviewed the composition of the Board and the Board Committees;
- Reviewed the performance and effectiveness of the Board, the Directors individually, and the Board Committees;
- Reviewed the term of office of each of the Audit Committee members; and
- Reviewed and recommended to the Board on the re-election of directors retiring at the forthcoming Annual General Meeting ("AGM").

There were no new appointments to the Board (to be assessed) during the year.

DIRECTORS' TRAINING

All Directors have attended the Mandatory Accreditation Programme as prescribed by Bursa Malaysia.

During the financial year, the Directors received briefings and updates on the Group's businesses, operations, risk management, internal controls, corporate governance, finance and any changes to relevant legislation, rules and regulations. The Directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge.

During the financial year, the Directors collectively or on their own, attended various training programmes, seminars, briefings and/or workshops as follows:

Director	Name of Conferences, Seminars and Training Programmes Attended
Tan Sri Datuk Seri Panglima (Dr.) TC Goh	- Briefing on the new Section 17A of the Malaysian Anti-Corruption Commission ("MACC") (Amendment) Act 2018 - Corporate Governance ("CG") Advocacy Programme - Cyber Security in the Boardroom - Briefing on new Malaysian Financial Reporting Standards ("MFRSs") - Briefing on Malaysian Business Reporting System ("MBRS")
Kong Kok Keong	- Briefing on the new Section 17A of the MACC (Amendment) Act 2018 - Briefing on new MFRSs - Briefing on MBRS
Ooi Boon Pin	- Briefing on the new Section 17A of the MACC (Amendment) Act 2018 - Promise of Integrity Seminar - Briefing on new MFRSs - Briefing on MBRS
Chen Heng Mun	- KPMG - Tax and Business Summit 2018 - 2019 Budget: What you need to know - The Economy, Capital Market & You - CG Advocacy Programme - Cyber Security in the Boardroom - Briefing on new MFRSs - Briefing on MBRS

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

SECTION 1: DIRECTORS (CONT'D)

DIRECTORS' TRAINING (Cont'd)

During the financial year, the Directors collectively or on their own, attended various training programmes, seminars, briefings and/or workshops as follows: (Cont'd)

Director	Name of Conferences, Seminars and Training Programmes Attended
Ash'ari bin Ayub	- Briefing on the new Section 17A of the MACC (Amendment) Act 2018 - Briefing on new MFRSs - Briefing on MBRS - MFRS 15 Revenue from Contracts with Customers - MFRS 9 Financial Instruments - National Tax Seminar - Sustainability Reporting - Malaysian Private Entities Reporting Standard ("MPERS") - Practical Issues and Fair Value Measurement
Wong Zee Shin	- Briefing on the new Section 17A of the MACC (Amendment) Act 2018 - Briefing on new MFRSs - Briefing on MBRS - Seminar Percukaian Kebangsaan 2018 - One Day Workshop on MBRS Practical Aspects & Hands on Training
Mej Jen Dato' Mokhtar bin Perman *(Rtd)*	- Briefing on the new Section 17A of the MACC (Amendment) Act 2018 - Briefing on new MFRSs - Briefing on MBRS
Yong Nam Yun	- Briefing on the new Section 17A of the MACC (Amendment) Act 2018 - Briefing on new MFRSs - Briefing on MBRS

The Company recognises the importance of continuous professional development and training for its directors. The Board as a whole has undertaken an assessment of the training needs of each director after taking into account the training programmes the Directors had attended in the past three (3) years and the qualification, role, responsibilities, knowledge and experience of the respective Directors. The proposed training programmes encompass areas related to the industry or businesses of the Group, governance, risk management and the relevant regulations related to the Group.

RE-ELECTION

In accordance with Article 90 of the Company's Constitution, at the AGM in every year, one-third (1/3) of our Directors or, if the number of Directors is not three (3) or a multiple of three (3), the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that all our Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. The Directors to retire in each year shall be those who have been longest in office since their last election.

Article 83 of the Constitution of the Company further states that any director newly appointed shall hold office only until the next following AGM and then shall be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

SECTION 1: DIRECTORS (CONT'D)

RE-ELECTION (Cont'd)

Accordingly, the following Directors are subject to re-election/re-appointment in accordance to Article 90, at this forthcoming AGM:

- Kong Kok Keong
- Mej Jen Dato' Mokhtar bin Perman (Rtd)

The Nominating Committee who is responsible for recommending to the Board those directors who are eligible for re-election/re-appointment has based on formal reviews and assessment of performance of the Directors, recommended to the Board on their re-election/re-appointment, after taking into account their yearly performance evaluation results, contribution to the Board through their skills, experience, strengths and qualities, level of independence and ability to act in the best interest of the Company in decision-making. The above two (2) Directors are eligible to stand for re-election and re-appointment and all of them had expressed their intention to seek for re-election and re-appointment.

At the Board meeting held on 10 October 2019, the Board approved the recommendation of the Nominating Committee on the re-election and re-appointment of the above two (2) Directors.

SECTION 2: DIRECTORS' REMUNERATION

REMUNERATION COMMITTEE

The Remuneration Committee comprises entirely of Non-Executive Directors, majority of whom are independent. The Remuneration Committee members are as follows:

- Ash'ari bin Ayub (Chairman)
- Wong Zee Shin
- Kong Kok Keong

The terms of reference and authority of the Remuneration Committee is available on the Company's website. During the financial year, the Remuneration Committee:

- reviewed the remuneration of the Executive Directors/senior management during the financial year and opined that the remuneration is adequate and commensurate with the present job scope of the Executive Directors/senior management. The Remuneration Committee would revisit the remuneration package of the Executive Directors/senior management as and when the need arises; and

- recommended the payment of the directors remuneration for the Executive Directors/senior management and Non-Executive Directors for the financial year to the Board for approval.

The Remuneration Committee is responsible to recommend to the Board a remuneration framework for Directors/senior management with the objective to ensure that the Company attracts and retains the Directors/senior management needed to run the Group successfully. It is the ultimate responsibility of the entire Board to approve the remuneration of the Executive Directors/senior management with the respective Directors abstaining from decisions in respect of their remuneration.

The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole with individual Directors abstaining from decision in respect of their remuneration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

SECTION 2: DIRECTORS' REMUNERATION (CONT'D)

DIRECTORS REMUNERATION

Details of the Directors' remuneration (including the remuneration for services rendered) and fees for the financial year ended 30 June 2019, are as follows:

Received/Receivable from the Company (RM'000):

	Fees	Remuneration	Meeting allowances	Total	Benefits-in-kind
Executive Directors					
Tan Sri Datuk Seri Panglima (Dr.) TC Goh	-	884	-	884	-
Ooi Boon Pin	-	-	-	-	-
Chen Heng Mun	-	270	-	270	-
Yong Nam Yun	-	-	-	-	-
Sub-total: Executive Directors	**-**	**1,154**	**-**	**1,154**	**-**
Non-Executive Directors					
Kong Kok Keong	42	-	2.5	44.5	-
Ash'ari Bin Ayub	42	-	2.5	44.5	-
Mejar Jen Dato' Mokhtar bin Perman *(Rtd)*	42	-	2.5	44.5	-
Wong Zee Shin	42	-	2.5	44.5	-
Sub-total: Non-Executive Directors	**168**	**-**	**10**	**178**	**-**
Total	**168**	**1,154**	**10**	**1,332**	**-**

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

SECTION 2: DIRECTORS' REMUNERATION (CONT'D)

DIRECTORS REMUNERATION (Cont'd)

Received/Receivable from the Group (RM'000):

	Fees	Remuneration	Meeting allowances	Total	Benefits-in-kind
Executive Directors					
Tan Sri Datuk Seri Panglima (Dr.) TC Goh	118	1,932	-	2,050	-
Ooi Boon Pin	-	1,024	-	1,024	11
Chen Heng Mun	122	601	-	723	-
Yong Nam Yun	4	531	-	535	-
Sub-total: Executive Directors	**244**	**4,088**	**-**	**4,332**	**11**
Non-Executive Directors					
Kong Kok Keong	160	-	2.5	162.5	-
Ash'ari Bin Ayub	42	-	2.5	44.5	-
Mejar Jen Dato' Mokhtar bin Perman *(Rtd)*	42	-	2.5	44.5	-
Wong Zee Shin	42	-	2.5	44.5	-
Sub-total: Non-Executive Directors	**286**	**-**	**10**	**296**	**-**
Total	**530**	**4,088**	**10**	**4,628**	**11**

SECTION 3: PROMOTING ETHICAL CONDUCT

The Board has adopted a Code of Ethics and Conduct which governs the ethics and conduct of the Directors, management and employees of the Group. The Code of Ethics and Conduct, which is posted on the Company's website includes appropriate communication and feedback channels that facilitate whistleblowing. The Board reviews and amends the Code of Ethics and Conduct when the need arises.

SECTION 4: PROMOTING SUSTAINABILITY

The Board has formalised and adopted a Sustainability Policy which form part of the Company's Code of Ethics and Conduct. The Board's commitment to sustainability is outcome-based, innovative and founded on the belief that the Group has a responsibility for its contribution to have a lasting impact on the environment around us.

The Board recognises that acting in a responsible and sustainable manner creates new opportunities, enhances investor value, and improves social and environmental returns.

The Board has ultimate responsibility for reviewing and approving the sustainability strategy and monitoring the achievement of sustainability objectives through reviewing performance reporting regularly.

The Sustainability Statement is laid out on pages 25 to 32.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

SECTION 5: SHAREHOLDERS

INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

The Board acknowledges the importance of communication with the shareholders and investors. Discussions, where appropriate, were held between the Executive Directors/senior management with the analysts, media, shareholders and investors throughout the year. Presentations based on permissible disclosures are given to explain the Group's performance, major developments and significant events of the Group. The Group has been making timely announcements to the public with regards to the Group's corporate proposals, financial results, other regulatory announcements as well as information which would be of interest to the investors and members of the public.

In addition, the Group has also established a website at www.globaltec.com.my for shareholders and the public to access for information related to the Group. The shareholders communication policy is also posted on the Company's website.

AGM

The AGM represents the principal forum for dialogue and interaction with all shareholders of the Company. Shareholders are encouraged to attend the AGM and participate in the proceedings and question and answer session. All Directors, senior management and external auditors are available to respond to the shareholders' questions during the AGM.

SECTION 6: ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Board has a responsibility and aims to provide/present a fair, balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly reports to Bursa Malaysia as well as the Executive Chairman Statement in the annual report to the shareholders. The Audit Committee assists the Board in overseeing the Group's financial reporting processes and the quality of its financial reporting.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy of the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the applicable approved accounting standards in Malaysia and the Companies Act 2016.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent other irregularities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

SECTION 6: ACCOUNTABILITY AND AUDIT (CONT'D)

CORPORATE DISCLOSURE POLICY

The Board is committed to ensuring that communications to the investing public regarding the business, operations and financial performance of the Group are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information lodged with regulators is in accordance with applicable regulatory requirements.

The objectives of the Corporate Disclosure Policy are to:

(a) warrant in writing the Group's existing disclosure policies, guidelines and procedures and ensure consistent approach to the Group's disclosure practices throughout the Group;

(b) ensure that all persons to whom the Corporate Disclosure Policy applies, understand their obligations to preserve the confidentiality of material information;

(c) effectively increase understanding of the Group's business and enhance its corporate image by encouraging practices that reflect openness, accessibility and cooperation; and

(d) reinforce the Company's commitment to compliance with the continuous disclosure obligations imposed by Malaysian securities law and regulations and the listing requirements.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has established a risk management framework and reviews it periodically. The Statement on Risk Management and Internal Control presented on pages 48 to 50 provides an overview of the risk profiles and state of internal control within the Group.

RELATIONSHIP WITH THE AUDITORS

The role of the Audit Committee in relation to the external auditors is described on pages 44 to 47.

The above statement and the Corporate Governance Report is made in accordance with the resolution of the Board dated 10 October 2019.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE ("COMMITTEE")

The Committee comprises of the following members:

Chairman

Ash'ari bin Ayub (The Committee Chairman is a member of the Malaysian Institute of Accountants)	Senior Independent Non-Executive Director

Members

Wong Zee Shin	Independent Non-Executive Director
Mej Jen Dato' Mokhtar bin Perman (Rtd)	Independent Non-Executive Director

The terms of reference of the Committee which cover amongst others the composition, authority, attendance and frequency of meetings, procedures, minutes and functions of the Committee can be found on the Company's website at www.globaltec.com.my.

1. MEETINGS OF THE COMMITTEE

The details of attendance at the Committee meetings for the financial year ended 30 June 2019 are as follows:

Date of meeting	Total Committee Members	Attendance by Committee Members (Percentage of Attendance)
1. 28 August 2018	3	3 (100%)
2. 15 October 2018	3	3 (100%)
3. 28 November 2018	3	3 (100%)
4. 26 February 2019	3	3 (100%)
5. 24 May 2019	3	3 (100%)

The details of attendance by individual Committee Member for the financial year ended 30 June 2019 are as below:

Name of Member	Total Meetings Attended	Percentage of Attendance
1. Ash'ari bin Ayub	5/5	100%
2. Wong Zee Shin	5/5	100%
3. Mej Jen Dato' Mokhtar bin Perman (Rtd)	5/5	100%

AUDIT COMMITTEE REPORT
(CONT'D)

2. INTERNAL AUDIT FUNCTION

The Committee assists the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investments and the Group's assets. In discharging its duties, the Committee is supported by an internal audit function which is outsourced to Axcelasia Columbus Sdn Bhd, an independent professional service firm who undertakes the necessary activities to enable the Committee to discharge its functions effectively. The internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence in carrying out their internal audit function for the Group. This independent professional service firm has a total of 40 personnel providing internal audit services and can be deployed to render internal audit services to the Group. The key personnel (and their respective qualifications) of this professional service firm are as follows:

Name	Designation	Role	Qualifications
Ranjit Singh	Group Chief Executive Officer of Axcelasia Inc	Engagement Director	• Certified Internal Auditor ("CIA") • Certification of Risk Management Assurance ("CRMA") • Certified Public Accountant ("CPA") (M) • Chartered Accountant ("CA")
David Low	Director of Axcelasia Columbus Sdn Bhd	Engagement Field-In-Charge	• CA • Professional Member of Institute of Internal Auditors

The internal auditors report directly and are accountable to the Audit Committee. The Committee regards the internal audit function as essential to assist in obtaining the assurance it requires regarding the effectiveness of the systems of internal controls within the Company and the Group. During the financial year, the Committee had one meeting with the internal auditors without the presence of the Executive Directors and management.

During the financial year under review, the internal auditors conducted internal audits to assess the effectiveness and integrity of the system of internal controls of the Company and certain operating units in the Group in accordance with the approved audit plan by the Committee. The scope of internal audit comprises both core and support functions of certain operating units in the Group, namely production, inventory management, quality assurance and control, procurement, human resources and finance. The internal auditor conducted six (6) internal audit cycles during the financial year, covering the major operating locations of the Group.

The findings and recommendations for improvements were presented to the Committee for deliberation and action. The costs incurred by the Group for the internal audit function during the period amounted to RM85,500.

3. EXTERNAL AUDITORS

The Company has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. The Committee has a direct communication channel with the internal and external auditors. During the financial year, the Committee had two (2) meetings with the external auditors without the presence of the Executive Directors and management. In addition, the external auditors are invited to attend the annual general meeting of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.

AUDIT COMMITTEE REPORT
(CONT'D)

3. EXTERNAL AUDITORS (CONT'D)

The Committee conducts annual review and assessment on the appointment or re-appointment of external auditors for statutory audit, recurring audit related and non-audit related services (if any). The objective of the review is to ensure that the independence and objectivity of the external auditors as statutory auditors are not compromised. This annual review and assessment is carried out in accordance with the assessment criteria covering regulatory requirements, performance and independence and objectivity as set out in the External Auditors Evaluation Policy. The External Auditors Evaluation Policy is posted on the Company's website at www.globaltec.com.my. The Board, upon concurrence with the outcome of the assessment at the Board meeting held on 10 October 2019, approved the re-appointment of the external auditors based on the Committee's recommendation subject to the approval by shareholders at the annual general meeting.

The Committee has considered the provision of non-audit services by the external auditors during the year and concluded that the provision of these services did not compromise the external auditors' independence and objectivity and the amount of fees paid for these services was not significant as compared to the total fees paid to the external auditors.

Audit fees paid/payable to the external auditors by the Group and by the Company for the financial year amounted to RM860,000 and RM110,000 respectively whereas non-audit fees paid/payable to the external auditors by the Group and by the Company for the financial year amounted to RM20,000.

4. ACTIVITIES

During the financial year and up to the date of this report, the Committee carried out its duties in accordance with its terms of reference. The main activities undertaken by the Committee were as follows:

- Reviewed the external auditors' scope of work and audit plans for the financial year. Prior to the audit, representatives from the external auditors presented their audit strategy and plan.

- Reviewed with the external auditors the results of the audit, the audit report and the management letters.

- Reviewed the independence, objectivity and effectiveness of the external auditors and the services provided, including non-audit services (if any). The written assurance on the independence of the external auditors were obtained on 29 August 2019. As at to-date, the audit firm has been engaged as the external auditors of the Company for 8 years whereas the engagement partner has been assigned to the Company for 5 years.

- Reviewed the internal auditors' scope of work, function, competency and resources in carrying out the internal audit work.

- Held private meetings with the internal auditors on 28 August 2018 and with the external auditors on 28 August 2018 and 24 May 2019, without the presence of the Executive Directors and Management, which covered topics which include amongst others key risk areas, outstanding information and audit procedures and the smoothness of the audit process itself. There were no material issues arising from these meetings.

- Reviewed the internal audit reports, which highlighted the internal audit findings, recommendations and management's response. Discussed with Management, actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports.

- Reviewed the Annual Report and the Audited Financial Statements of the Group and the Company, prior to the submission to the Board for their consideration and approval, to ensure that the Audited Financial Statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable Approved Accounting Standards as approved by the Malaysian Accounting Standards Board ("MASB"). Any significant issues arising from the audit of the financial statements by the external auditors were deliberated upon.

- Received and reviewed the Enterprise Risk Management report.

AUDIT COMMITTEE REPORT
(CONT'D)

4. ACTIVITIES (CONT'D)

During the financial year and up to the date of this report, the Committee carried out its duties in accordance with its terms of reference. The main activities undertaken by the Committee were as follows: (Cont'd)

- Reviewed the quarterly unaudited financial results announcements of the Group before recommending them to the Board for its approval. The review and discussion of these announcements was conducted with the presence of the Executive Directors.

- Reviewed and approved the statements of risk management and internal control to be included in the Annual Report.

- In respect of the quarterly and period end financial statements, reviewed the Company's compliance with the Listing Requirements of Bursa Malaysia, applicable approved accounting standards approved by MASB and other relevant legal and regulatory requirements.

- Reviewed related party transactions entered into by the Company and the Group to ensure that such transactions were undertaken in line with the Group's normal commercial terms and that the internal control procedures with regards to such transactions are sufficient.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control by the Board of Directors ("Board") on the Group is made pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and in accordance with the Principles and Recommendations as provided in the Malaysian Code on Corporate Governance 2017 ("Code"). This Statement is guided by the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.*

BOARD'S RESPONSIBILITIES

The Board acknowledges its overall responsibility for the establishment of a sound risk and control framework for the Group and as such, affirms its commitment and responsibility for the Group's risk management and internal control systems covering not only financial controls but also operational, organisational and compliance controls as well as the review of its adequacy, integrity and effectiveness.

The Board determines the Group's level of risk tolerance and identifies, assesses and monitors key business risks to safeguard shareholders' investments and the Group's assets. However, such framework/systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, these systems can only provide reasonable but not absolute assurance against material misstatement or loss.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of its objectives and strategies. The process has been in place during the year up to the date of approval of this Statement and is subject to review by the Board.

The Board is assisted by Management in implementing the Board's policies and procedures on risk and control by identifying and analysing risk information, designing and operating suitable internal controls to manage and control these risks, and monitoring effectiveness of risk management and control activities.

The key features of the risk management and internal control systems are described below.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

The Group has established an Enterprise Risk Management ("ERM") framework to identify, evaluate and manage the key risks to an acceptable level. Risk management is embedded in the Group's key processes through its ERM framework, in line with Principle B and Guidance 9.1 of the Code. Under the Group's ERM framework, the Group has relevant policies and guidelines on risk reporting and disclosure which cover both operational and financial risks.

Operating risk management ranges from strategic operating risks to managing day-to-day operational risks. The management of the Group's day-to-day operational risks (such as health, safety and environment, quality, production and legal) is mainly decentralised at the business unit level and guided by approved standard operating procedures. Group-wide operational risks (such as statutory compliances) are coordinated centrally.

The Group is exposed to various financial risks relating to credit, liquidity, interest rates and foreign currency. The Group's risk management objectives and policies, together with the required qualitative and quantitative disclosures, are disclosed in Note 30 to the financial statements on pages 140 to 155.

The Group also maintains a database of risks and controls information captured in the format of risk registers. Key risks of major business units are identified, assessed and categorised to highlight the sources of risks, their impacts and the likelihood of occurrence. Risk profiles for these major operating business units are presented to the Executive Committee, Audit Committee and the Board for deliberation and approval. Action plans to address key risks are developed and their status of implementation is reported to the Executive Committee, Audit Committee and the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Risk Management (Cont'd)

The risk profiles of the major operating business units of the Group are being monitored by its respective Management. The risks identified for the Group are considered in formulating the strategies and plans that are approved and adopted by the Board. The strategies and plans are monitored and revised as the need arises.

Briefings on risk management are conducted for Board and Management as part of the Group's efforts to instill a proactive risk management culture and implement a proper risk management framework in the Group.

Internal Control

The Group manages its risks by implementing various internal control mechanisms. The key elements of the internal control systems are as follows:

- The Group has an organisation structure that is aligned with its business and operational requirements, with defined lines of responsibilities and authority levels.
- The Board receives and reviews reports from the Management on key financial data, performance indicators and regulatory matters (if any) quarterly. This is to ensure that matters that require the Board and Management's attention are highlighted for review, deliberation and decision on a timely basis. The Board approves appropriate responses or amendments to the Group's policy. Besides, the results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner.
- There is a budgeting system that requires preparation of the annual budget by all major operating business units. The annual budget which contains financial and operating targets and performance indicators are reviewed and approved by the Executive Committee together with the Management before being presented to the Board for final review and approval.
- Issues relating to the business operations are highlighted for the Board's attention during Board meetings. Further independent assurance is provided by the Group Internal Audit Function and the Audit Committee. The Audit Committee reviews internal control matters and updates the Board on significant issues for the Board's attention and action.

The Group's internal audit function has been outsourced to a professional service firm, as part of its effort in ensuring that the Group's systems of internal controls are functioning as intended. Further details of the Internal Audit Function are set out on page 45 in the Audit Committee Report.

The other salient features of the Group's systems of internal controls are as follows:-

- Quarterly review of the financial performance of the Group by the Board and the Audit Committee;
- Operations review meetings are held by the respective divisions to monitor the progress of business operations, deliberate significant issues and formulate corrective measures;
- Establishment of a whistle blowing policy; and
- Code of ethics and conduct provided to all employees of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

REVIEW BY BOARD

The Board considered the system of internal controls and risk management described in this Statement to be satisfactory and generally adequate within the context of the Group's business environment. The Board and Management will continue to take measures to strengthen the control environment and monitor the robustness of the internal control framework.

The Board has also obtained assurance from the Group Executive Chairman and Group Finance Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, for the financial year ended 30 June 2019 and up to the date of this Statement.

This Statement on Risk Management and Internal Control has not dealt with the joint venture in which the Group does not have full management control over. However, the Group's interest is served through representations on the Board of the joint venture.

CONCLUSION

The Board, through the Audit Committee, confirms that it has reviewed the effectiveness of the internal control framework and considers the Group's system of internal controls is sufficient to provide reasonable assurance in safeguarding the shareholders' interests and assets of the Group.

This Statement is approved in accordance with a resolution of the Board dated 10 October 2019.

FINANCIAL STATEMENTS

Financial Statements

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss for the year attributable to:		
Owners of the Company	19,365	26,404
Non-controlling interests	24,537	-
	43,902	26,404

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served during the financial year and until the date of this report are:

Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP
Kong Kok Keong
Ooi Boon Pin
Chen Heng Mun
Ash'ari bin Ayub
Wong Zee Shin
Mej Jen Dato' Mokhtar bin Perman (Rtd)
Yong Nam Yun (alternate director to Kong Kok Keong)

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019 (CONT'D)

DIRECTORS OF THE SUBSIDIARIES

The following is a list of directors of the subsidiaries (excluding Directors who are also Directors of the Company) who held office during the financial year and until the date of this report:

Alan Robert Fraser
Bhae Hong Yong
Goh Min Yen
Hiew Yon Fo
Ian Wang
Indra Surya Susanto
Kee Yong Wah
Lim Beng Hong
Pang Kim Fan
Tay Tuan Leng
Unggul Setyamoko
Woon Wai Thong
Lee Chul (appointed on 16 July 2019)
Lee Hwan Boo (resigned on 16 July 2019)
Hon Poh Chow (resigned on 13 September 2019)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) are as follows:

	Number of ordinary shares			
	At 1.7.2018	**Bought**	**Effects of share consolidation**	**At 30.6.2019**
Interests in the Company				
Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP				
- direct interest	1,050,033,251	15,956,749	(1,012,689,130)	53,300,870
- indirect interest [(a)]	10	-	(10)	-
Kong Kok Keong				
- direct interest	615,749,677	1,578,200	(584,962,195)	32,365,682
- indirect interest [(b)]	387,953,000	-	(368,555,350)	19,397,650
Ooi Boon Pin				
- direct interest	77,985,580	-	(74,086,301)	3,899,279
- indirect interest [(c)]	19,785,800	-	(18,796,510)	989,290
Chen Heng Mun				
- direct interest	1,862,180	-	(1,769,071)	93,109
- indirect interest [(c)]	2,004,716	-	(1,904,481)	100,235
Wong Zee Shin	19,327	-	(18,361)	966
Yong Nam Yun	118,520,799	-	(112,594,760)	5,926,039

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019 (CONT'D)

DIRECTORS' INTERESTS IN SHARES (CONT'D)

	Number of shares			
	At 1.7.2018	**Bought**	**Sold**	**At 30.6.2019**
Interests in NuEnergy Gas Limited				
Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP				
- direct interest	68,112,694	-	-	68,112,694
Kong Kok Keong				
- direct interest	68,112,694	-	-	68,112,694

	Number of warrants			
	At 1.7.2018	**Issued**	**Sold**	**At 30.6.2019**
Interests in the Company				
Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP				
- direct interest	-	13,328,085	-	13,328,085
Kong Kok Keong				
- direct interest	-	7,696,869	-	7,696,869
- indirect interest [(b)]	-	4,849,412	-	4,849,412
Ooi Boon Pin				
- direct interest	-	974,819	-	974,819
- indirect interest [(c)]	-	247,322	-	247,322
Chen Heng Mun				
- direct interest	-	23,277	-	23,277
- indirect interest [(c)]	-	25,058	-	25,058
Wong Zee Shin	-	241	-	241
Yong Nam Yun	-	1, 481,509	-	1,481,509

Notes:

(a) Deemed interested by virtue of Section 8 of the Companies Act 2016 ("Act") held through his son.
(b) Deemed interested by virtue of Section 8 of the Act held through Darulnas (M) Sdn Bhd and by virtue of Section 59(11) of the Act held through his spouse.
(c) Deemed interested by virtue of Section 59(11) of the Act held through his spouse.

None of the other Directors holding office at 30 June 2019 had any interest in the shares and warrants of the Company during the financial year.

Save as disclosed above, none of the Directors holding office at 30 June 2019 had any interest in the shares or options of the related corporations of the Company during the financial year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019 (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 34 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of warrants by the Company.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

Pursuant to the shareholders' approval obtained on 29 November 2018, the Company had on 14 December 2018, undertaken a consolidation of every 20 existing ordinary shares into 1 ordinary share. On that day, 5,381,737,911 ordinary shares in the Company have been consolidated into 269,086,895 ordinary shares ("Consolidated Shares").

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of warrants described below.

WARRANTS

On 20 December 2018, the Company had issued 67,271,723 free warrants ("Warrant") on the basis of 1 Warrant for every 4 Consolidated Shares. The Warrants have an exercise period of 3 years commencing 20 December 2018 and ending on 17 December 2021, and each Warrant entitles the holder to subscribe for one new ordinary share at any time during the exercise period at the exercise price of RM0.72 each, subject to adjustments in accordance with the provisions of the deed poll governing the Warrants. As at 30 June 2019, all the Warrants remained unexercised.

INDEMNITY AND INSURANCE COSTS

During the financial year, there were no indemnity insurance given to or effected for Directors, officers or auditors of the Company.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019 (CONT'D)

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) 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

iv) not otherwise dealt with in this report or the financial statements that 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:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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 their obligations as and when they fall due.

In the opinion of the Directors, except for the impairment loss on exploration and evaluation assets and provision for production sharing contract ("PSC") penalties of RM20,778,000 and RM25,413,000 respectively as disclosed in Note 22 to the financial statements, the financial performance of the Group for the financial year ended 30 June 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

In the opinion of the Directors, except for the impairment loss on advances to subsidiaries and prepayments written off of RM24,466,000 and RM1,000,000 respectively as disclosed in Note 22 to the financial statements, the financial performance of the Company for the financial year ended 30 June 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019 (CONT'D)

SUBSEQUENT EVENTS

On 26 August 2019, the Company announced that NuEnergy Gas Limited ("NuEnergy"), subsidiary of the Group received a notice of termination from the Indonesia Minister of Energy and Mineral Resources through the Indonesian Special Task Force for Upstream Oil and Gas Business Activities ("SKK Migas") in respect of the Bontang Bengalon PSC. The Bontang Bengalon PSC was terminated on the grounds of non-discovery of coal bed methane at the end of the 6th contract year and NuEnergy was required to relinquish the remaining contract area and to fulfil its remaining obligation under the PSC. NuEnergy has responded to the notice and has appealed to the Government of Indonesia. As of the date of this report, the appeal is on-going.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 22 to the financial statements.

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

…………………………………………………………………

Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP
Director

…………………………………………………………………

Ooi Boon Pin
Director

Kuala Lumpur,

Date: 10 October 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Assets					
Property, plant and equipment	3	110,324	102,526	414	444
Exploration and evaluation assets	5	99,339	106,651	-	-
Intangible assets	6	27,706	28,381	-	-
Investments in subsidiaries	7	-	-	251,250	281,146
Investment in an associate	8	-	-	-	-
Investment in joint venture	9	-	-	-	-
Other investments	10	-	3,534	-	-
Deferred tax assets	11	769	351	-	-
Total non-current assets		238,138	241,443	251,664	281,590
Inventories	12	28,368	26,486	-	-
Contract assets	13	7,631	-	-	-
Biological assets	4	172	279	-	-
Other investments	10	185	216	-	-
Current tax assets		1,373	2,476	187	159
Trade and other receivables	14	38,213	41,773	9,691	6,553
Fixed deposits with maturity more than three months but less than twelve months		6,000	-	-	-
Cash and cash equivalents	15	40,750	55,389	3,616	4,333
		122,692	126,619	13,494	11,045
Asset classified as held for sale	16	-	-	-	-
Total current assets		122,692	126,619	13,494	11,045
Total assets		360,830	368,062	265,158	292,635

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2019 (CONT'D)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Equity					
Share capital	17.1	643,647	538,174	643,647	538,174
Share premium	17.2	-	105,473	-	105,473
Reserves		(410,330)	(397,267)	(379,124)	(352,720)
Total equity attributable to owners of the Company		233,317	246,380	264,523	290,927
Non-controlling interests		39,694	62,834	-	-
Total equity		273,011	309,214	264,523	290,927
Liabilities					
Loans and borrowings	18	6,562	9,729	188	249
Deferred tax liabilities	11	5,206	4,973	-	-
Total non-current liabilities		11,768	14,702	188	249
Loans and borrowings	18	14,950	13,386	60	57
Provisions	19	25,660	1,851	-	-
Current tax liabilities		361	630	-	-
Trade and other payables	20	35,080	28,279	387	1,402
Total current liabilities		76,051	44,146	447	1,459
Total liabilities		87,819	58,848	635	1,708
Total equity and liabilities		360,830	368,062	265,158	292,635

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Continuing operations					
Revenue	21	217,298	194,825	2,105	1,675
Cost of sales		(172,819)	(152,499)	-	-
Gross profit		44,479	42,326	2,105	1,675
Other operating income		1,559	4,701	1,069	-
Administrative expenses		(36,817)	(39,998)	(4,100)	(3,283)
Distribution costs		(772)	(830)	-	-
Net loss on impairment of financial instruments		-	(343)	(24,508)	(5,310)
Other operating expenses		(48,868)	(40,794)	(1,012)	(40,494)
Results from operating activities		(40,419)	(34,938)	(26,446)	(47,412)
Finance income	23	963	878	57	62
Finance costs	24	(1,546)	(2,126)	(15)	(18)
Net finance (costs)/income		(583)	(1,248)	42	44
Loss before tax		(41,002)	(36,186)	(26,404)	(47,368)
Tax expense	25	(2,900)	91	-	-
Loss from continuing operations		(43,902)	(36,095)	(26,404)	(47,368)
Discontinued operations					
Loss from discontinued operations, net of tax	26	-	(3,010)	-	-
Loss for the year	22	(43,902)	(39,105)	(26,404)	(47,368)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019 (CONT'D)

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other comprehensive income/(expense), net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		4,781	(12,824)	-	-
Total comprehensive expense for the year		(39,121)	(51,929)	(26,404)	(47,368)
Loss attributable to:					
Owners of the Company					
- from continuing operations		(19,365)	(17,346)	(26,404)	(47,368)
- from discontinued operations		-	(3,010)	-	-
Non-controlling interests					
- from continuing operations		(24,537)	(18,749)	-	-
Loss for the year		(43,902)	(39,105)	(26,404)	(47,368)
Total comprehensive expense attributable to:					
Owners of the Company					
- from continuing operations		(15,981)	(26,845)	(26,404)	(47,368)
- from discontinued operations		-	(3,010)	-	-
Non-controlling interests					
- from continuing operations		(23,140)	(22,074)	-	-
Total comprehensive expense for the year		(39,121)	(51,929)	(26,404)	(47,368)
Basic loss per ordinary share (sen):	28				
- from continuing operations		(7.197)	(6.446)		
- from discontinued operations		-	(1.119)		
		(7.197)	(7.565)		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

Group	Note	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		← Attributable to owners of the Company							
		← Non-distributable							
At 1 July 2017		538,174	105,473	6,041	(196,015)	(177,438)	276,235	84,908	361,143
Foreign currency translation differences for foreign operations		-	-	-	(9,499)	-	(9,499)	(3,325)	(12,824)
Total other comprehensive expense for the year		-	-	-	(9,499)	-	(9,499)	(3,325)	(12,824)
Loss for the year		-	-	-	-	(20,356)	(20,356)	(18,749)	(39,105)
Total comprehensive expense for the year		-	-	-	(9,499)	(20,356)	(29,855)	(22,074)	(51,929)
Contributions by and distributions to owners of the Company									
Disposal of associate		-	-	-	33	(33)	-	-	-
Total transactions with owners of the Company		-	-	-	33	(33)	-	-	-
At 30 June 2018/1 July 2018, *as previously reported*		538,174	105,473	6,041	(205,481)	(197,827)	246,380	62,834	309,214
Adjustment on initial application of MFRS 15, net of tax	36	-	-	-	-	2,918	2,918	-	2,918
At 1 July 2018, *restated*		538,174	105,473	6,041	(205,481)	(194,909)	249,298	62,834	312,132
Foreign currency translation differences for foreign operations		-	-	-	3,384	-	3,384	1,397	4,781
Total other comprehensive income for the year		-	-	-	3,384	-	3,384	1,397	4,781
Loss for the year		-	-	-	-	(19,365)	(19,365)	(24,537)	(43,902)
Total comprehensive income/ (expense) for the year		-	-	-	3,384	(19,365)	(15,981)	(23,140)	(39,121)
Transfer in accordance with Section 618(2) of the Companies Act 2016		105,473	(105,473)	(6,041)	-	6,041	-	-	-
At 30 June 2019		643,647	-	-	(202,097)	(208,233)	233,317	39,694	273,011
		Note 17.1	Note 17.2	Note 17.3	Note 17.4				

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019 (CONT'D)

	Attributable to owners of the Company				
	Non-distributable				
Company	**Share capital RM'000**	**Share premium RM'000**	**Fair value adjustment reserve RM'000**	**Accumulated losses RM'000**	**Total equity RM'000**
At 1 July 2017	538,174	105,473	(83,429)	(221,923)	338,295
Loss and total comprehensive expense for the year	-	-	-	(47,368)	(47,368)
At 30 June 2018/1 July 2018	538,174	105,473	(83,429)	(269,291)	290,927
Loss and total comprehensive expense for the year	-	-	-	(26,404)	(26,404)
Transfer in accordance with Section 618(2) of the Companies Act 2016	105,473	(105,473)	-	-	-
At 30 June 2019	643,647	-	(83,429)	(295,695)	264,523
	Note 17.1	Note 17.2	Note 17.4		

The notes on pages 67 to 161 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from operating activities					
Loss before tax:					
- continuing operations		(41,002)	(36,186)	(26,404)	(47,368)
- discontinued operations		-	(3,018)	-	-
		(41,002)	(39,204)	(26,404)	(47,368)
Adjustments for:					
Amortisation of customer relationships		395	395	-	-
Amortisation of development costs		28	229	-	-
Amount due from subsidiaries written off		-	-	12	-
Depreciation of property, plant and equipment		9,963	10,617	138	113
Fair value changes on biological assets		107	254	-	-
Fair value loss on financial assets at fair value through profit or loss		45	31	-	-
Finance costs		1,546	2,154	15	18
Finance income		(963)	(880)	(57)	(62)
Gain on disposal of associate		-	(1,158)	-	-
Gain on disposal of property, plant and equipment		(147)	(353)	(11)	-
Impairment loss on available-for-sale financial assets		-	323	-	-
Impairment loss on exploration and evaluation assets (net)		20,778	36,011	-	-
Impairment loss on goodwill		252	-	-	-
Impairment loss on investments in subsidiaries		-	-	-	40,489
Impairment loss on advances to subsidiaries		-	-	24,466	-
Impairment loss on property, plant and equipment		-	243	-	-
Impairment loss on receivables		-	147	42	5,310
Inventories written off	12	712	390	-	-
Inventories written down to net realisable value	12	749	174	-	-
Loss on sale of discontinued operations (net)		-	44	-	-
Loss on disposal of other investments		20	-	-	-
Prepayments written off		1,000	723	1,000	-
Property, plant and equipment written off		2	1,126	-	7
Provision for production sharing contract penalties		25,413	-	-	-
Reversal of inventories written down	12	(1,555)	(2,106)	-	-
(Reversal)/Addition of provision for warranties (net)		(638)	300	-	-
Waiver of amount due to subsidiaries		-	-	(1,058)	-
Unrealised foreign exchange (gain)/loss		(12)	830	-	-

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019 (CONT'D)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Operating profit/(loss) before changes in working capital		16,693	10,290	(1,857)	(1,493)
Change in inventories		(2,566)	761	-	-
Change in contract assets		2,506	-	-	-
Change in trade and other receivables		(3,170)	(3,101)	(3,204)	(329)
Change in trade and other payables		5,517	7,441	(1,015)	85
Cash generated from/(used in) operations		18,980	15,391	(6,076)	(1,737)
Employee benefit paid		(77)	(65)	-	-
Tax paid (net)		(2,371)	(2,695)	(28)	(46)
Warranties paid		(475)	(175)	-	-
Net cash generated from/(used in) operating activities		16,057	12,456	(6,104)	(1,783)
Cash flows from investing activities					
Dividend received		-	-	-	16
Exploration and evaluation expenditure incurred		(10,304)	(8,378)	-	-
Placement of fixed deposits		(6,000)	-	-	-
Interest received		963	880	57	62
Proceeds from disposal of property, plant and equipment		180	395	11	-
Net proceeds from disposal of subsidiaries	26	-	267	-	-
Proceeds from disposal of associate		-	1,158	-	-
Proceeds from disposal of other investment		3,500	-	-	-
Purchase of property, plant and equipment	(ii)	(16,741)	(7,914)	(108)	(176)
Redemption of preference shares in a subsidiary		-	-	5,500	4,000
Net cash (used in)/generated from investing activities		(28,402)	(13,592)	5,460	3,902
Cash flows from financing activities					
Net repayment of borrowings		(2,550)	(10,643)	-	-
Repayment of finance lease liabilities		(608)	(539)	(58)	(53)
Withdrawal of pledged deposits with licensed banks		-	176	-	-
Interest paid		(1,546)	(2,154)	(15)	(18)
Net cash used in financing activities		(4,704)	(13,160)	(73)	(71)
Net (decrease)/increase in cash and cash equivalents		(17,049)	(14,296)	(717)	2,048
Effect of exchange rate fluctuations on cash and cash equivalents		1,364	(4,333)	-	-
Cash and cash equivalents at beginning of the year		55,389	74,018	4,333	2,285
Cash and cash equivalents at end of the year	(i)	39,704	55,389	3,616	4,333

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019 (CONT'D)

(i) Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows of the Group and of the Company comprise the following statements of financial position amounts:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Cash and bank balances	18,092	30,731	1,616	1,333
Short term placement funds with approved financial institutions	12,921	19,608	-	-
Deposits with licensed banks	9,737	5,050	2,000	3,000
	40,750	55,389	3,616	4,333
Less:				
Bank overdraft	(1,046)	-	-	-
	39,704	55,389	3,616	4,333

(ii) Purchase of property, plant and equipment

During the year, the Group purchased property, plant and equipment with the following aggregate cost, of which RM499,000 (2018: RM436,000) was acquired by means of finance leases.

		Group		Company	
	Note	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
By means of:					
- Finance leases		499	436	-	-
- Cash and cash equivalents		16,741	7,914	108	176
	3	17,240	8,350	108	176

NOTES TO THE FINANCIAL STATEMENTS

Globaltec Formation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the registered office and principal place of business of the Company is as follows:

REGISTERED OFFICE/PRINCIPAL PLACE OF BUSINESS

Unit 23A-12, Menara Q Sentral
No. 2A, Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in a joint venture. The financial statements of the Company as at and for the financial year ended 30 June 2019 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors on 10 October 2019.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019
- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment and Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020
- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021
- MFRS 17, *Insurance Contracts*

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128*, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 July 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019.

- from the annual period beginning on 1 July 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, amendments or interpretations is not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease,* IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group has completed the assessment of the impact that the initial application of MFRS 16 will have on its financial statements as at 1 July 2019 as below.

At 1 July 2019, the Group and the Company expect to recognise lease liabilities of RM2,423,000 and RM610,000 respectively with a corresponding entry on right-of-use assets of equivalent amounts.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 and on the assumption that the Group and the Company are going concern.

The Group and the Company incurred loss for the year of RM43,902,000 and RM26,404,000 respectively for the year ended 30 June 2019. This may cast significant doubt on the ability of the Group and of the Company to continue as a going concern.

The validity of the going concern assumption is dependent upon the ability of the Group and of the Company to generate sufficient positive cash flows from their operations to enable the Group and the Company to fulfil their obligations as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

1. BASIS OF PREPARATION (CONT'D)

(b) Basis of measurement (Cont'd)

At the date of this report, based on management's plans for future actions and the cash flows projections for the Group's existing operations, there is no reason for the Directors to believe that there is any material uncertainty that the Group and the Company will not be able to generate sufficient positive cash flows from their operations. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary if the Group and the Company are unable to continue as a going concern.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- *Note 4 - fair value of biological assets*
- *Note 5 - impairment assessment on exploration and evaluation assets*
- *Note 6 - impairment assessment on intangible assets*
- *Note 7 - impairment assessment on investments in subsidiaries*
- *Note 11 - deferred tax assets and liabilities*

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

i) financial instruments;
ii) revenue recognition; and
iii) impairment losses of financial instruments

as compared to those adopted in previous financial statements. The impacts arising from the changes are disclosed in Note 36.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Potential voting rights are considered when assessing control only when such rights are substantive.

The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the investor's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associate and joint venture are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency (Cont'd)

(i) Foreign currency transactions (Cont'd)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economics are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(i) Recognition and initial measurement (Cont'd)

Current financial year (Cont'd)

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Previous financial year

Financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that were directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative was recognised separately from the host contract and accounted for as a derivative if, and only if, it was not closely related to the economic characteristics and risks of the host contract and the host contract was not recognised as fair value through profit or loss. The host contract, in the event an embedded derivative was recognised separately, was accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

Current financial year (Cont'd)

(b) Fair value through profit or loss **(Cont'd)**

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 2(l)(i)).

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments whose fair values could not be reliably measured were measured at cost.

Other financial assets categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprised debt instruments that were not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprised investments in equity and debt instruments that were not held for trading.

Investments in equity instruments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost. Other financial assets categorised as available-for-sale were subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which were recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income was reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method was recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, were subject to impairment assessment (see Note 2(l)(i)).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities

Current financial year

The financial liabilities at initial recognition of the Group and of the Company are classified as amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprised financial liabilities that were derivatives or financial liabilities that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments that did not have a quoted price in an active market for identical instruments whose fair values otherwise could not be reliably measured were measured at cost.

Financial liabilities categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Current financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(iii) Financial guarantee contracts (Cont'd)

Previous financial year

In the previous financial year, fair value arising from financial guarantee contracts were classified as deferred income and was amortised to profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract was probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (Cont'd)

(iii) Depreciation (Cont'd)

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	30 - 99 years
• Buildings	50 - 60 years
• Plant and machinery	3 - 10 years
• Tools, jigs and fixtures	1 - 4 years
• Furniture, fittings, office equipment,renovation and signboards	3 - 10 years
• Motor vehicles	5 years
• Bearer plants (oil palm trees)	22 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(e) Biological assets

Biological assets relate to the agriculture produce growing on the bearer plants. These comprised of mature and immature fresh fruit bunches that are on the bearer plants as at the reporting date. Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell of produce growing on bearer plants are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows from the produce growing on bearer plants. The expected net cash flows are estimated using expected output method and the estimated market price of the produce growing on bearer plants.

(f) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Leased assets (Cont'd)

(ii) Operating lease (Cont'd)

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(g) Intangible assets

(i) Goodwill

Goodwill arises on business combination is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint venture.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Customer relationships

Customer relationships are intangible assets acquired in a business combination and are arising from supply arrangements with selected established long term customers. Customer relationships are determined using fair value at acquisition, which have finite useful lives, and are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Intangible assets (Cont'd)

(v) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

Development costs and customer relationships are amortised from the date that they are available for use and recognised in profit or loss on a straight-line basis over their respective estimated useful lives. Amortisation is based on the cost of an asset less its residual value.

The estimated useful lives for the current and comparative periods are as follows:

• capitalised development costs	4 - 5 years
• customer relationships	20 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Non-current asset held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Equity accounting of equity-accounted joint venture ceases once classified as held for sale.

(j) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(l)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(l) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company elected not to restate the comparatives.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using an allowance matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment (Cont'd)

(i) Financial assets (Cont'd)

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and associate and joint venture) were assessed at each reporting date whether there was any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets was recognised in profit or loss and was measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset had been recognised in the other comprehensive income, the cumulative loss in other comprehensive income was reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale was not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase could be objectively related to an event occurring after impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment (Cont'd)

(ii) Other assets (Cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use ("VIU") and its fair value less costs of disposal. In assessing VIU, 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro-rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(n) Employee benefits

(i) Short term employee benefits

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Employee benefits (Cont'd)

(ii) State plans

The Group's contributions to Employees' Provident Fund are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Provisions (Cont'd)

(ii) Production sharing contract ("PSC") penalties

A provision for PSC penalties is recognised when the Group is contractually committed to fulfil the remaining obligation under a PSC that has expired.

(p) Exploration and evaluation assets

Exploration and evaluation assets in relation to separate areas of interest, for which rights of tenure are current, are capitalised in the year in which they are incurred and are carried at cost less accumulated impairment losses where the following conditions are satisfied:

(i) the right of tenure of the area of interest are current; and
(ii) at least one of the following conditions is also met:
- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised exploration costs are reviewed at each reporting date as to whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent 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 in previous years. Where a decision is made to proceed with development, accumulated expenditure will be tested for impairment, transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Project costs relating to the oil and gas sector are carried forward to the extent that the following conditions have been met:

- it is probable that the future economic benefits embodied in the asset will eventuate; and
- the asset possesses a cost or other value that can be measured reliably.

Costs which no longer satisfy the above conditions are written off in profit or loss.

(q) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue and other income (Cont'd)

(i) Revenue (Cont'd)

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

Automotive parts and accessories

Revenue is recognised when the goods are delivered and accepted by the customers at their premises.

Fabrication of tooling and moulds to produce automotive parts and accessories

Revenue is recognised over time as costs are incurred. The customer has control over the tooling and moulds as the tooling and moulds are created and these tooling and moulds would have no alternative use and the Group has rights to payment for work performed.

Precision stamping and tooling

Revenue is recognised when the goods are delivered to the customers and all criteria for acceptance have been satisfied.

Precision machining and automation systems

Certain revenue is recognised over time as costs are incurred. These contracts would meet the no alternative use and the Group has rights to payment for work performed. The remaining revenue is recognised when goods are delivered to the customers and all criteria for acceptance have been satisfied.

Fresh fruit bunches

Revenue is recognised at a point in time when the fresh fruit bunches are delivered and accepted by the customer at its premise or recognised upon the control of the goods having transferred to the customer.

(ii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(iii) Management fee income

Revenue from services rendered is recognised in profit or loss when the services have been rendered. Revenue from management services is accrued, by reference to the agreements entered.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(s) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(t) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision makers, which in this case are the Executive Directors of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(w) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(x) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land RM'000	Buildings RM'000	Plant and machinery RM'000	Tools, jigs and fixtures RM'000	Furniture, fittings, office equipment, renovation and signboards RM'000	Motor vehicles RM'000	Bearer plants RM'000	Construction work-in-progress RM'000	Total RM'000
Cost									
At 1 July 2017	43,294	16,170	48,341	13,303	6,684	3,647	36,931	171	168,541
Additions	-	36	4,858	48	1,628	753	-	1,027	8,350
Disposal of subsidiary	-	-	(6,999)	-	-	(459)	-	-	(7,458)
Disposals	-	-	(4,940)	(6)	(113)	(1,108)	-	-	(6,167)
Written off	-	-	(1,522)	(5,524)	(3,183)	(65)	-	(8)	(10,302)
Effect of movements in exchange rates	(407)	(1,063)	(4,461)	(7)	(314)	(29)	-	-	(6,281)
At 30 June 2018/ 1 July 2018	42,887	15,143	35,277	7,814	4,702	2,739	36,931	1,190	146,683
Additions	227	315	6,227	11	338	856	-	9,266	17,240
Disposals	-	-	(56)	(99)	(20)	(590)	-	-	(765)
Written off	-	-	(852)	-	(417)	(30)	-	-	(1,299)
Effect of movements in exchange rates	112	301	1,259	3	48	19	-	5	1,747
At 30 June 2019	43,226	15,759	41,855	7,729	4,651	2,994	36,931	10,461	163,606

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (continued)	Land RM'000	Buildings RM'000	Plant and machinery RM'000	Tools, jigs and fixtures RM'000	Furniture, fittings, office equipment, renovation and signboards RM'000	Motor vehicles RM'000	Bearer plants RM'000	Construction work-in-progress RM'000	Total RM'000
Depreciation and accumulated losses									
At 1 July 2017									
Accumulated depreciation	5,166	2,202	31,337	6,997	2,306	2,142	7,080	-	57,230
Accumulated impairment losses	-	-	636	1,379	50	-	-	-	2,065
	5,166	2,202	31,973	8,376	2,356	2,142	7,080	-	59,295
Depreciation for the year	984	625	5,839	168	756	567	1,678	-	10,617
Impairment loss	-	-	-	38	205	-	-	-	243
Disposal of subsidiary	-	-	(6,156)	-	-	(447)	-	-	(6,603)
Disposals	-	-	(4,940)	(6)	(74)	(1,105)	-	-	(6,125)
Written off	-	-	(1,120)	(5,294)	(2,697)	(65)	-	-	(9,176)
Effect of movements in exchange rates	-	(462)	(3,486)	(7)	(119)	(20)	-	-	(4,094)
At 30 June 2018									
Accumulated depreciation	6,150	2,365	21,474	1,858	172	1,072	8,758	-	41,849
Accumulated impairment losses	-	-	636	1,417	255	-	-	-	2,308
	6,150	2,365	22,110	3,275	427	1,072	8,758	-	44,157

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (continued)	Land RM'000	Buildings RM'000	Plant and machinery RM'000	Tools, jigs and fixtures RM'000	Furniture, fittings, office equipment, renovation and signboards RM'000	Motor vehicles RM'000	Bearer plants RM'000	Construction work-in-progress RM'000	Total RM'000
Depreciation and accumulated losses (Cont'd)									
At 1 July 2018									
Accumulated depreciation	6,150	2,365	21,474	1,858	172	1,072	8,758	-	41,849
Accumulated impairment losses	-	-	636	1,417	255	-	-	-	2,308
	6,150	2,365	22,110	3,275	427	1,072	8,758	-	44,157
Depreciation for the year	1,023	585	4,765	470	950	492	1,678	-	9,963
Disposals	-	-	(54)	(84)	(4)	(590)	-	-	(732)
Written off	-	-	(850)	-	(417)	(30)	-	-	(1,297)
Effect of movements in exchange rates	-	142	1,004	3	38	4	-	-	1,191
At 30 June 2019									
Accumulated depreciation	7,173	3,092	26,339	2,247	739	948	10,436	-	50,974
Accumulated impairment losses	-	-	636	1,417	255	-	-	-	2,308
	7,173	3,092	26,975	3,664	994	948	10,436	-	53,282
Carrying amounts									
At 1 July 2017	38,128	13,968	16,368	4,927	4,328	1,505	29,851	171	109,246
At 30 June 2018/ 1 July 2018	36,737	12,778	13,167	4,539	4,275	1,667	28,173	1,190	102,526
At 30 June 2019	36,053	12,667	14,880	4,065	3,657	2,046	26,495	10,461	110,324

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 July 2017	61	495	556
Additions	176	-	176
Written off	(49)	-	(49)
At 30 June 2018/1 July 2018	188	495	683
Additions	4	104	108
Disposal	-	(30)	(30)
At 30 June 2019	192	569	761
Accumulated depreciation			
At 1 July 2017	42	126	168
Depreciation for the year	14	99	113
Written off	(42)	-	(42)
At 30 June 2018/1 July 2018	14	225	239
Depreciation for the year	37	101	138
Disposal	-	(30)	(30)
At 30 June 2019	51	296	347
Carrying amounts			
At 1 July 2017	19	369	388
At 30 June 2018/1 July 2018	174	270	444
At 30 June 2019	141	273	414

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

3.1 Leased plant and equipment

At 30 June 2019, the carrying amounts of plant and equipment of the Group and of the Company under finance lease arrangement are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Carrying amounts				
Plant and machinery	-	118	-	-
Motor vehicles	1,221	1,163	171	270
	1,221	1,281	171	270

3.2 Security

At 30 June 2019, the property, plant and equipment of the Group with the following carrying amounts are charged to financial institutions as security for borrowings of the Group as disclosed in Note 18:

	Group	
	2019 RM'000	2018 RM'000
Carrying amounts		
Land	7,248	7,376
Buildings	4,193	4,326
Plant and machinery	9,801	9,760
Bearer plants	26,495	28,173
	47,737	49,635

3.3 Land

Included in the carrying amounts of land are:

	Group	
	2019 RM'000	2018 RM'000
Freehold land	3,000	3,000
Short term leasehold land with unexpired lease period of less than 50 years	20,131	20,789
Long term leasehold land with unexpired lease period of more than 50 years	12,922	12,948
	36,053	36,737

In 2018, included in the long term leasehold land of the Group was a piece of land with a net carrying amount of RM3,367,000 which was held in trust by a third party. During the financial year, the ownership of the land has been transferred and is now registered under a subsidiary of the Group.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

4. BIOLOGICAL ASSETS

	Group	
	2019	**2018**
	RM'000	**RM'000**
At fair value	172	279

These relate to the agriculture produce growing on the bearer plants.

Analysis of the biological assets

	Group	
	2019	**2018**
Planted area (in hectares)		
Mature	810	776
Immature	13	47
	823	823
Output harvested		
Oil palm fresh fruit bunches (in metric ton)	16,080	16,236
Fair value less costs to sell (in RM'000)	5,806	8,278

Fair value information

The fair value measurement for biological assets has been categorised as Level 3 fair value based on the inputs to the valuation techniques used.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the biological assets.

The following tables shows a reconciliation of Level 3 fair value:

	Group	
	2019	**2018**
	RM'000	**RM'000**
At beginning of the year	279	533
Change in fair value	(107)	(254)
At end of the year	172	279

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

4. BIOLOGICAL ASSETS (CONT'D)

Fair value information (Cont'd)

Level 3 fair value (Cont'd)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The fair value of the biological assets is derived at based on the value of the fresh fruit bunches ("FFB") that are on the oil palm trees as at the reporting date. The fair value represents the expected gross profit margin of the FFB, after taking into account its state of maturity and condition and the market prices for FFB as at the reporting date.	Expected price of FFB.	The estimated fair value would increase/(decrease) if: - fair value of FFB were higher/(lower).

Analysis of measurement

The oil palms were mainly planted between 1996 and 2017, and are currently aged between 2 to 23 years old.

Significant assumptions made in determining the fair values of the biological assets are as follows:

(a) The FFB on the oil palm trees will continue to ripen according to its normal cycle of about 5 months;

(b) There is keen demand for oil palm FFB from local mills; and

(c) The favourable combination of high rainfall conditions, moderate to fairly good soil and terrain for oil palm cultivation.

Valuation processes applied by the Group for Level 3 fair value

The Group has an established control framework in respect to the measurement of fair values of biological assets. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Directors. The valuation team reviews annually significant unobservable inputs and valuation adjustments.

Financial risk management strategies

The Group is exposed to financial risks arising from changes in oil palm FFB prices. The Group does not anticipate that FFB prices will decline significantly in the foreseeable future and, therefore, has not entered into derivatives or other contracts to manage the risk of decline in FFB prices. The Group reviews its outlook for FFB prices regularly in considering the need for active financial risk management.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. EXPLORATION AND EVALUATION ASSETS

Group	Exploratory rights RM'000	Exploration expenditure RM'000	Total RM'000
At 1 July 2017	7,571	135,060	142,631
Effect of movements in exchange rates	(347)	(8,000)	(8,347)
Additions	-	8,378	8,378
Impairment loss	(7,224)	(28,787)	(36,011)
At 30 June 2018/1 July 2018	-	106,651	106,651
Effect of movements in exchange rates	-	3,162	3,162
Additions	-	10,304	10,304
Impairment loss	-	(20,778)	(20,778)
At 30 June 2019	-	99,339	99,339

Exploration and evaluation assets principally comprise exploration and evaluation related costs incurred for several coal bed methane PSCs in Indonesia. Exploratory rights relate to the premium paid for the participating interest in the Muara Enim and Rengat PSCs by a group entity, NuEnergy Gas Limited ("NuEnergy").

The exploration and evaluation assets are not amortised as the PSCs have not commenced commercial production during the financial year.

Impairment assessment

The 6th year exploration period for the Bontang Bengalon PSC ended on 8 October 2018. In October 2018, NuEnergy submitted a proposal with the support of and through the Indonesian Special Task Force for Upstream Oil and Gas Business Activities ("SKK Migas") to the Indonesia Minister of Energy and Mineral Resources for a contract amendment to allow for the extension of the exploration period and to continue with further exploration program development.

Subsequent to the financial year end, NuEnergy received a notice of termination from the Indonesia Minister of Energy and Mineral Resources through SKK Migas in respect of the Bontang Bengalon PSC. The Bontang Bengalon PSC was terminated on the grounds of non-discovery of coal bed methane at the end of the 6th contract year and NuEnergy was required to relinquish the remaining contract area and to fulfil its remaining obligation under the PSC.

NuEnergy has responded to the notice and appealed to the Government of Indonesia. At the date of signing these financial statements, the appeal is on-going.

Pending the outcome of the appeal, the Group has therefore taken the decision to impair in full the carrying value of the Bontang Bengalon PSC Exploration and Evaluation expenditure at 30 June 2019 of RM2,358,000 and recorded a provision for penalty of RM19,215,000 to fulfil the remaining obligation under the PSC as disclosed in Note 19.

NuEnergy is in the process of applying for the extension of the Muara Enim II PSC which expired on 31 March 2019, to continue operations. At the date of signing these financial statements, the Muara Enim II PSC has not been extended while NuEnergy continues discussions with the Indonesian Ministry of Energy and Mineral Resources to obtain extension for the PSC. Pending the extension of the PSC, the Group has therefore taken the approach to impair the carrying value of the Muara Enim II PSC Exploration and Evaluation expenditure at 30 June 2019 of RM18,420,000 and recorded a provision for penalty of RM6,198,000 to fulfil the remaining obligation under the PSC as disclosed in Note 19. If the extension is granted by the Indonesian Ministry of Energy and Mineral Resources, NuEnergy has plans to continue operations in this PSC.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Impairment assessment (Cont'd)

As of 30 June 2019, no impairment is required for the remaining exploration and evaluation assets amounting to RM99,339,000 as NuEnergy's rights to explore these PSCs remain valid and NuEnergy intends to fulfil its remaining exploration commitments for these PSCs.

In 2018, as there have not been attractive commercial discoveries based on the drilling programs then, NuEnergy and SKK Migas have amicably agreed for NuEnergy to relinquish the Rengat PSC after confirmation from SKK Migas of the completion of the firm commitments. As a result, a full impairment loss of RM36,011,000 was recorded in profit or loss in 2018 for the Rengat PSC.

6. INTANGIBLE ASSETS

	Goodwill RM'000	Customer relationships RM'000	Development costs RM'000	Total RM'000
Cost				
At 1 July 2017/30 June 2018/ 1 July 2018/30 June 2019	95,141	31,499	2,640	129,280
Amortisation and impairment loss				
At 1 July 2017				
Accumulated amortisation	-	4,106	2,383	6,489
Accumulated impairment loss	72,707	21,079	-	93,786
	72,707	25,185	2,383	100,275
Amortisation for the year	-	395	229	624
At 30 June 2018/1 July 2018				
Accumulated amortisation	-	4,501	2,612	7,113
Accumulated impairment loss	72,707	21,079	-	93,786
	72,707	25,580	2,612	100,899
Amortisation for the year	-	395	28	423
Impairment loss	252	-	-	252
At 30 June 2019				
Accumulated amortisation	-	4,896	2,640	7,536
Accumulated impairment loss	72,959	21,079	-	94,038
	72,959	25,975	2,640	101,574
Carrying amounts				
At 1 July 2017	22,434	6,314	257	29,005
At 30 June 2018/1 July 2018	22,434	5,919	28	28,381
At 30 June 2019	22,182	5,524	-	27,706

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. INTANGIBLE ASSETS (CONT'D)

6.1 Amortisation

The amortisation of customer relationships and development costs is recognised as other operating expenses in profit or loss and is amortised over their respective estimated useful lives.

6.2 Impairment testing for CGUs containing customer relationships and goodwill

For the purpose of impairment testing, goodwill of RM22,182,000 (2018: RM22,182,000) and Nil (2018: RM252,000) are allocated to the Integrated Manufacturing Services ("IMS") and Energy segments respectively, while customer relationships of RM5,524,000 (2018: RM5,919,000) is allocated to the IMS segment. However, for the purpose of segmental reporting which reflects the internal management reports reviewed by the chief operating decision makers, goodwill and customer relationships are not allocated to any of the reportable segment.

The goodwill and customer relationships related to the Automotive Division (a division within the IMS) has been fully impaired in 2016 and 2015 respectively.

In assessing whether goodwill and customer relationships are impaired, the carrying amount of the CGU (including goodwill and customer relationships) is compared with the recoverable amount of the CGU. The recoverable amount is the higher of fair value less costs to sell ("FVLCTS") and VIU.

The recoverable amount of the IMS segment was determined based on the higher of its FVLCTS and VIU. As at 30 June 2019, the recoverable amount of the IMS segment was higher than its carrying amount and hence, no impairment loss was recognised.

The recoverable amount of the Energy segment was determined based on the higher of its FVLCTS and VIU. The recoverable amount of the Energy segment was lower than its carrying amount and hence, a full impairment loss was recognised in respect of the goodwill of the Energy segment, amounting to RM252,000 during the financial year.

VIU was determined by discounting the future cash flows expected to be generated from the continuing operations of the CGUs and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results in 2019 and the 5-year business plan approved by the Board of Directors.
- The anticipated annual revenue growth included in the cash flows projections was constant at 3% for the years from 2020 to 2024 (2018: between 2% and 3% for the years from 2019 to 2023) based on average growth experienced over the past five years.
- Cash flows for more than 5 years were extrapolated using a constant terminal growth rate of 4% (2018: 4%) for the cash flows generated by CGUs in Indonesia.
- Projected gross profit margin which reflects the average historical gross margin, adjusted for projected market and economic conditions and internal resources efficiency.
- Pre-tax discount rate of 12% (2018: 11%) was applied in discounting the cash flows. The discount rate was determined based on the Group's weighted average cost of capital adjusted for the risk of the underlying assets.

The values assigned to the key assumptions represent management's assessment of future trends in the industries and are based on both external sources and internal sources.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. INTANGIBLE ASSETS (CONT'D)

6.2 Impairment testing for CGUs containing customer relationships and goodwill (Cont'd)

Sensitivity analysis

The above estimates are sensitive in the following key areas:

(a) an increase/(decrease) of a one percentage point in discount rate used would have (decreased)/increased the recoverable amount by approximately (RM10,056,000)/RM12,933,000.

(b) an increase/(decrease) of a one percentage point in terminal growth rate used would have increased/(decreased) the recoverable amount by approximately RM9,624,000/(RM7,485,000).

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
At cost		
Unquoted shares	474,585	480,085
Less: Impairment loss	(259,765)	(259,765)
	214,820	220,320
Advances to subsidiaries *	60,896	60,826
Less: Impairment loss	(24,466)	-
	36,430	60,826
	251,250	281,146

* These advances to subsidiaries were classified as non-current as the Company recognises these advances as a long term source of capital to the subsidiaries.

During the financial year, the Company redeemed 5,500,000 of its redeemable convertible preference shares in AIC Corporation Sdn Bhd, a wholly-owned subsidiary at a redemption price of RM1.00 per share.

In the prior year, the Company redeemed:

i) 3,000,000 of its redeemable convertible preference shares in Jotech Holdings Sdn Bhd, a wholly-owned subsidiary at a redemption price of RM1.00 per share.

ii) 1,000,000 of its redeemable convertible preference shares in AutoV Corporation Sdn Bhd, a wholly-owned subsidiary at a redemption price of RM1.00 per share.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Impairment assessment

Management assessed the recoverable amounts of the investments in subsidiaries based on the higher of FVLCTS and VIU of these subsidiaries. As at 30 June 2019, the recoverable amounts of the subsidiaries were higher than their carrying amounts and hence, no impairment loss was recognised. In 2018, the assessment resulted in an additional impairment loss of RM40,489,000. The key assumptions used in arriving at the recoverable amounts, where VIU method is used, are as follows:

- Cash flows were projected based on past experience, actual operating results in 2019 and the 5 to 10 years business plan approved by the Board of Directors.
- The anticipated annual revenue growth included in the cash flows projections was between 3% and 25% for the years from 2020 to 2029 (2018: between 2% and 42% for the years from 2019 to 2028) based on average growth experienced over the past 5 years and future plans of the subsidiaries.
- Cash flows for more than 5 years were extrapolated using a terminal growth rate of 0% to 5% (2018: 0% to 5%) for the cash flows generated by the subsidiaries.
- Projected gross profit margin which reflects the average historical gross profit margin, adjusted for projected market and economic conditions and internal resources efficiency.
- Pre-tax discount rate of 8% to 12% (2018: 9% to 11%) was applied in discounting the cash flows. The discount rate was determined based on the Group's weighted average cost of capital adjusted for the risk of the underlying assets.

The values assigned to the key assumptions represent management's assessment of future trends in the industries and are based on both external sources and internal sources.

Sensitivity analysis

The above estimates are sensitive in the following key areas:

(a) an increase/(decrease) of a one percentage point in discount rate used would have (decreased)/increased the recoverable amount by approximately (RM37,804,000)/RM51,832,000.

(b) an increase/(decrease) of a one percentage point in terminal growth rate used would have increased/(decreased) the recoverable amount by approximately RM35,484,000/(RM26,206,000).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
AIC Corporation Sdn Bhd ("AIC") [(1)]	Malaysia	Investment holding	100	100
AutoV Corporation Sdn Bhd ("AutoV") [(1)]	Malaysia	Investment holding	100	100
Jotech Holdings Sdn Bhd ("Jotech")	Malaysia	Investment holding	100	100
Globaltec Energy Resources Sdn Bhd ("GER") [(1)]	Malaysia	Investment holding	100	100
GFB Technology Sdn Bhd [(2)]	Malaysia	Dormant	100	100
Subsidiaries of GER				
New Century Energy Resources Limited ("NCE") [(3)]	Cayman Islands	Investment holding and exploration and production of oil and gas	60	60
New Century Energy Services Limited ("NCES") [(3)]	Cayman Islands	Provision of services to the oil and gas industry	60	60
NuEnergy Gas Limited ("NuEnergy") [(1) (4) (6)]	Australia	Investment holding and exploration and production of oil and gas	52	52
Subsidiary of NCES				
New Century Energy Services Sdn Bhd [(2)]	Malaysia	Dormant	60	60
Subsidiaries of NuEnergy				
Indon CBM Pty Ltd [(3)]	Australia	Coal bed methane exploration	52	52
PT Trisula CBM Energi [(2)]	Indonesia	Coal bed methane exploration	50	50
Indo CBM Sumbagsel II Pte Limited [(2)]	Singapore	Coal bed methane exploration	52	52
NuEnergy Gas (Singapore) Pte Limited [(5)]	Singapore	Dormant	-	52

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
Subsidiaries of NuEnergy (Cont'd)				
Sheraton Pines Pty Ltd (3)	Australia	Dormant	52	52
Dart Energy (Indonesia) Holdings Pte Ltd ("DEIH") (6)	Singapore	Investment holding	52	52
Subsidiaries of DEIH				
PT Dart Energy Indonesia (2)	Indonesia	Dormant	50	50
Dart Energy (Tanjung Enim) Pte Ltd (6)	Singapore	45% joint interest in the Tanjung Enim PSC, in South Sumatra, Indonesia, undertaking coal seam gas exploration activities	52	52
Dart Energy (Muralim) Pte Ltd (6)	Singapore	50% joint interest in the Muralim PSC, in South Sumatra, Indonesia, undertaking coal seam gas exploration activities	52	52
Dart Energy (Bontang Bengalon) Pte Ltd (6)	Singapore	100% interest in Bontang Bengalon PSC, in East Kalimantan, Indonesia, undertaking coal seam gas exploration activities. The Bontang Bengalon PSC was terminated subsequent to the year end	52	52
Dart Energy (CBM Power Indonesia) Pte Ltd (5)	Singapore	Dormant	-	52

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
Subsidiaries of Jotech				
Cergas Fortune Sdn Bhd	Malaysia	Cultivation and sales of oil palm fruit bunches	100	100
Malgreen Progress Sdn Bhd (1)	Malaysia	Cultivation and sales of oil palm fruit bunches	100	100
PT Indotech Metal Nusantara (2)	Indonesia	Manufacturing and fabrication of tools and dies and stamped metal components for electronics and automotive industries	100	100
Yee Heng Precision Stamping Sdn Bhd (2)	Malaysia	Dormant	100	100
Subsidiaries of AIC				
Prodelcon Sdn Bhd	Malaysia	Manufacture of high precision tooling, die-sets, semiconductor moulds and parts and high precision components, jigs and fixtures and the design and manufacture of turnkey automation systems	100	100
AIC Technology Sdn Bhd (2)	Malaysia	Dormant	100	100
Integral CAD Technologies Sdn Bhd (5)	Malaysia	Dormant	-	100
Subsidiary of Prodelcon Sdn Bhd				
Isotrax Engineering Sdn Bhd (5)	Malaysia	Dormant	-	100

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
Subsidiaries of AutoV				
AutoV Mando Sdn Bhd	Malaysia	Manufacture of automotive steering columns and related vehicle components	70	70
GFB Automotive Sdn Bhd	Malaysia	Marketing and manufacture of automotive components	100	100
Automako Sdn Bhd (2)	Malaysia	Dormant	100	100
Autoventure Corporation Sdn Bhd (2)	Malaysia	Dormant	100	100
Autovisor Plastics Sdn Bhd (2)	Malaysia	Dormant	100	100
Aventur Door System Sdn Bhd (2)	Malaysia	Dormant	100	100
Brimal Holdings Sdn Bhd (2)	Malaysia	Dormant	100	100
Nobel Decree Sdn Bhd (2)	Malaysia	Dormant	84	84
Proreka (M) Sdn Bhd ("Proreka")	Malaysia	Manufacturing and sourcing of parts for the automotive industries	100	100
Subsidiaries of Proreka				
Proreka Plastic Sdn Bhd (2)	Malaysia	Dormant	100	100
Proreka Tech Sdn Bhd (2)	Malaysia	Dormant	100	100
Proreka Automotive Parts Sdn Bhd (2)	Malaysia	Dormant	100	100

(1) *The auditors' reports on the financial statements of these subsidiaries contain a material uncertainty related to going concern. The ability of these subsidiaries to continue as going concerns is dependent on the continuing financial support from the Company.*

(2) *Not audited by member firms of KPMG International.*

(3) *Not required to be audited pursuant to the relevant regulations of the country of incorporation. The results of these entities are not material to the Group.*

(4) *The subsidiary is listed on the Australian Securities Exchange.*

(5) *These subsidiaries have been de-registered during the year.*

(6) *Audited by other member firms of KPMG International.*

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

2019	NuEnergy Group* RM'000	Other individually insignificant subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	48%		
Carrying amount of NCI	33,335	6,359	39,694
Loss allocated to NCI	(24,321)	(216)	(24,537)

Summarised financial information before intra-group elimination

	NuEnergy Group* RM'000
As at 30 June	
Non-current assets	102,554
Current assets	4,927
Current liabilities	(38,702)
Non-controlling interests	(275)
Net assets attributable to owners of the Company	68,504
Year ended 30 June	
Revenue	-
Loss for the year	(50,368)
Cash flows used in operating activities	(764)
Cash flows used in investing activities	(8,749)
Cash flows from financing activities	5,933
Effect of exchange rate fluctuations	487
Net decrease in cash and cash equivalents	(3,093)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries (Cont'd)

2018	NuEnergy Group* RM'000	Other individually insignificant subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	48%		
Carrying amount of NCI	55,854	6,980	62,834
(Loss)/Profit allocated to NCI	(19,127)	378	(18,749)

Summarised financial information before intra-group elimination

	NuEnergy Group* RM'000
As at 30 June	
Non-current assets	111,027
Current assets	7,457
Current liabilities	(3,135)
Non-controlling interests	(338)
Net assets attributable to owners of the Company	115,011
Year ended 30 June	
Revenue	-
Loss for the year	(39,617)
Cash flows used in operating activities	(7,457)
Cash flows used in investing activities	(12,213)
Effect of exchange rate fluctuations	463
Net decrease in cash and cash equivalents	(19,207)

Note:
** NuEnergy Group denotes NuEnergy and its subsidiaries*

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENT IN AN ASSOCIATE

	Group 2019 RM'000	Group 2018 RM'000
Unquoted shares outside Malaysia		
At cost:		
At beginning of the year	-	7,221
Disposal	-	(7,221)
At end of the year	-	-
Share of post-acquisition reserves		
At beginning of the year	-	(298)
Disposal	-	298
At end of the year	-	-
Less: Impairment loss		
At beginning of the year	-	(6,923)
Disposal	-	6,923
At end of the year	-	-
Net	-	-

Details of the associate are as follows:

Name of entity	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest 2019 %	Effective ownership interest and voting interest 2018 %
Rockhill Resources Ltd	British Virgin Islands	Intended business activity is exploration and extraction of coal. Business operation has yet to commence.	-	-

The associate, which has been fully impaired in 2016, was disposed of in the previous financial year for a cash consideration of RM1,158,000.

No financial information was presented in the previous financial year as the associate remained dormant and the financial information was not material.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. INVESTMENT IN JOINT VENTURE

	Group 2019 RM'000	Group 2018 RM'000
At cost:		
Unquoted shares in Malaysia	4,646	4,646
Share of post-acquisition reserves	(1,763)	(1,763)
Less: Impairment loss	(2,883)	(2,883)
	-	-
Transfer to asset classified as held for sale (Note 16)	-	-
	-	-

Proreka Sprintex Sdn Bhd ("PSSB") is the only joint arrangement in which the Group participates. PSSB is structured as a separate vehicle and provides the Group the right to its net assets. Accordingly, the Group has classified the investment in PSSB as a joint venture.

Details of the joint venture are as follows:

Name of entity	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest 2019 %	Effective ownership interest and voting interest 2018 %
Proreka Sprintex Sdn Bhd ("PSSB")	Malaysia	Supplier of the Group in manufacturing and trading of automotive parts and accessories	50	50

During the financial year, AutoV, a wholly-owned subsidiary of the Company has entered into a sale and purchase agreement with Sprintex Limited to dispose its entire 50% equity interest in PSSB. Accordingly, investment in joint venture was classified as asset held for sale as at 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. INVESTMENT IN JOINT VENTURE (CONT'D)

The following tables summarise the financial information of PSSB, adjusted for any differences in accounting policies. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in PSSB, which is accounted for using the equity method.

Summarised financial information	2019 RM'000	2018 RM'000
As at 30 June		
Non-current assets	1,009	1,790
Current assets	3,645	3,908
Current liabilities	(15,045)	(13,563)
Net liabilities	(10,391)	(7,865)
Year ended 30 June		
Loss and other comprehensive expense	2,526	2,322
Included in the total comprehensive expense		
Revenue	749	1,764
Depreciation	(782)	(833)
Interest expense	(1)	(10)
Reconciliation of net assets to carrying amount as at 30 June		
Group's share of net liabilities	(5,196)	(3,933)
Share of post-acquisition losses not recognised	8,079	6,816
Impairment loss	(2,883)	(2,883)
Carrying amount in the Group's statement of financial position	-	-

Impairment assessment

In 2013, the Group has fully impaired its investment in the joint venture due to continued losses faced by the joint venture in the prior years.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

10. OTHER INVESTMENTS

Group	Quoted in Malaysia Shares RM'000	Unquoted in Malaysia Shares RM'000	Quoted outside Malaysia Shares RM'000	Total RM'000
2019				
Non-current				
Fair value through profit or loss	-	-	-	-
Current				
Fair value through profit or loss	185	-	-	185
Total	185	-	-	185
Market value	185	-	-	
2018				
Non-current				
Available-for-sale financial assets	-	3,820	37	3,857
Less: Impairment loss	-	(300)	(23)	(323)
Total	-	3,520	14	3,534
Current				
Fair value through profit or loss	216	-	-	216
Total	216	3,520	14	3,750
Market value	216	N/A	14	

10.1 Unquoted shares in Malaysia

During the financial year, AIC, a wholly-owned subsidiary of the Company, has disposed of 3,110,800 ordinary shares and 2,240,000 preference shares, being its entire shareholding representing 8% of the issued and paid-up share capital of AIC Semiconductor Sdn Bhd to a third party for a total consideration of RM3,500,000. The disposal has resulted in a loss of RM20,000 which was recognised in the profit or loss.

10.2 Quoted shares outside Malaysia

At 1 July 2018, the Group designated the quoted shares outside Malaysia as fair value through profit or loss. In 2018, this investment was classified as available-for-sale. During the financial year, a fair value loss of RM14,000 was recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Property, plant and equipment						
- capital allowances in excess of depreciation	-	-	(4,228)	(4,353)	(4,228)	(4,353)
- revaluation prior to MFRS adoption	-	-	(1,583)	(1,632)	(1,583)	(1,632)
- fair value of biological assets	-	-	(42)	(67)	(42)	(67)
Contract assets	-	-	(151)	-	(151)	-
Unabsorbed capital allowances	-	217	-	-	-	217
Provisions	181	91	-	-	181	91
Unabsorbed tax losses	-	138	-	-	-	138
Other items	1,386	984	-	-	1,386	984
Tax assets/(liabilities)	1,567	1,430	(6,004)	(6,052)	(4,437)	(4,622)
Set off	(798)	(1,079)	798	1,079	-	-
Net tax assets/(liabilities)	769	351	(5,206)	(4,973)	(4,437)	(4,622)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Movement in recognised temporary differences during the year

Group	At 1.7.2017 RM'000	Recognised in profit or loss (Note 25) RM'000	Translation exchange differences RM'000	At 30.6.2018 RM'000	Adjustment on initial application of MFRS 15 RM'000	At 1.7.2018 RM'000	Recognised in profit or loss (Note 25) RM'000	Translation exchange differences RM'000	At 30.6.2019 RM'000
Property, plant and equipment									
- capital allowances in excess of depreciation	(4,740)	34	353	(4,353)	-	(4,353)	166	(41)	(4,228)
- revaluation prior to MFRS adoption	(1,686)	54	-	(1,632)	-	(1,632)	49	-	(1,583)
- fair value of biological assets	(128)	61	-	(67)	-	(67)	25	-	(42)
Contract assets	-	-	-	-	(125)	(125)	(26)	-	(151)
Exploratory rights	(5,006)	4,809	197	-	-	-	-	-	-
Exploration expenditure	1,882	(1,808)	(74)	-	-	-	-	-	-
Unabsorbed capital allowances	187	30	-	217	-	217	(217)	-	-
Unabsorbed tax losses	210	(72)	-	138	-	138	(138)	-	-
Provisions	44	47	-	91	-	91	90	-	181
Other items	940	593	(549)	984	-	984	338	64	1,386
	(8,297)	3,748	(73)	(4,622)	(125)	(4,747)	287	23	(4,437)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Unabsorbed tax losses	88,500	93,530	1,392	908
Unabsorbed capital allowances	9,610	10,720	52	28
	98,110	104,250	1,444	936

The unabsorbed tax losses of Group entities other than foreign subsidiaries can be carried forward up to 7 consecutive years of assessment. Based on the transitional provision, the accumulated tax loss carry-forwards up to year of assessment 2018 can be carried forward up to year of assessment 2025. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits of the Group entities will be available against which the Group entities can utilise the benefits therefrom.

12. INVENTORIES

	Group	
	2019 RM'000	**2018 RM'000**
Raw materials	17,055	15,975
Work-in-progress	3,175	3,245
Finished goods	8,108	7,109
Consumable goods	30	157
	28,368	26,486
Carrying amount of inventories pledged as security for borrowings of a subsidiary (Note 18)	12,499	10,764

Recognised in profit or loss (Debit/(Credit)):

Inventories recognised as cost of sales	119,697	96,016
Inventories written off	712	390
Inventories written down to net realisable value	749	174
Reversal of inventories written down	(1,555)	(2,106)

The inventories written off, written down and reversal of written down are included in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

13. CONTRACT ASSETS

	Group 2019 RM'000	Group 2018 RM'000
Contract assets	7,631	-

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. Typically, the amount will be billed upon delivery of the goods to the customers and payment is expected within 90 days.

Significant changes to contract assets balances during the period are as follows:

	Group 2019 RM'000
At the beginning of year	10,137
Contract assets at the beginning of the year transferred to trade receivables	(3,600)
Revenue recognised on work completed but not yet billed	3,450
Decrease in revenue recognised at the beginning of the year arising from contract cancellation	(2,356)
At the end of year	7,631

14. TRADE AND OTHER RECEIVABLES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Trade					
Trade receivables from contracts with customers	14.1	27,972	25,587	-	-
Amount due from subsidiaries	14.2	-	-	1,068	915
		27,972	25,587	1,068	915
Non-trade					
Other receivables		4,688	4,925	45	106
Less: Impairment loss	14.3	-	(846)	-	-
		4,688	4,079	45	106
Deposits		4,118	3,385	58	61
Amount due from subsidiaries	14.2	-	-	13,989	9,939
Less: Impairment loss	14.3	-	-	(5,469)	(5,468)
		-	-	8,520	4,471
Prepayments		1,435	8,722	-	1,000
		10,241	16,186	8,623	5,638
Total		38,213	41,773	9,691	6,553

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

14. TRADE AND OTHER RECEIVABLES (CONT'D)

14.1 Trade receivables from contracts with customers

Included in trade receivables of the Group:

a) in 2018, was an amount of RM11,000 owing by a company in which a person related to a director has interests. The trade receivable was subject to normal trade terms; and

b) in 2018, was an amount of RM23,000 owing by a company in which a director has interests. The trade receivable was subject to normal trade terms.

14.2 Amount due from subsidiaries

The trade amount due from subsidiaries is subject to negotiated trade term.

The non-trade amount due from subsidiaries is unsecured, interest free and repayable on demand.

14.3 Impairment loss

During the financial year, impairment losses of RM846,000 and RM41,000 are written off against other receivables and amount due from subsidiaries respectively. In addition, an impairment loss of RM42,000 on amount due from subsidiaries is recognised in the profit or loss.

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deposits placed with licensed banks	9,737	5,050	2,000	3,000
Short term placement funds with approved financial institutions	12,921	19,608	-	-
Cash and bank balances	18,092	30,731	1,616	1,333
	40,750	55,389	3,616	4,333

16. ASSET CLASSIFIED AS HELD FOR SALE

Investment in joint venture is presented as asset held for sale following the commitment of the Group to dispose the asset to a third party as disclosed in Note 9. The completion of the disposal is pending fulfilment of certain conditions precedent to the sale and purchase agreement.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. CAPITAL AND RESERVES

17.1 Share capital

	Group and Company			
	Number of shares 2019 '000	Amount 2019 RM'000	Number of shares 2018 '000	Amount 2018 RM'000
Issued and fully paid up:				
Ordinary shares				
At 1 July	5,381,738	538,174	5,381,738	538,174
Effects of share consolidation	(5,112,651)	-	-	-
Transfer from share premium account in accordance with Section 618(2) of the Companies Act 2016	-	105,473	-	-
At 30 June	269,087	643,647	5,381,738	538,174

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets.

In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company had twenty four (24) months upon the commencement of Companies Act 2016 on 31 January 2017 to utilise the credit in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74 of Companies Act 2016). As at 30 January 2019, the Company did not utilise the share premium amounting to RM105,473,000.

Pursuant to the shareholders' approval obtained on 29 November 2018:

i) the Company had on 14 December 2018, undertaken a consolidation of every 20 existing ordinary shares into 1 ordinary share. On that day, 5,381,737,911 ordinary shares in the Company have been consolidated into 269,086,895 ordinary shares ("Consolidated Shares"); and

ii) the Company had on 20 December 2018, issued 67,271,723 free warrants ("Warrant") on the basis of 1 Warrant for every 4 Consolidated Shares.

The Warrants may be exercised at any time within a period of 3 years commencing on 20 December 2018. Any Warrants which are not exercised during the exercise period will thereafter lapse and cease to be valid. Each Warrant entitles the holder to subscribe for one new ordinary share during the exercise period at the exercise price of RM0.72 each, subject to adjustments in accordance with the provisions of the deed poll governing the Warrants. The Warrant holders are not entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the new shares to be issued from the exercise of the Warrants. The Warrant holders are not entitled to any voting rights in any general meeting of the Company.

The new shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing shares, except that the new shares shall not be entitled to any dividends, rights, allotments and/or form of distribution, the entitlement date of which is prior to the date of allotment of such new shares issued pursuant to the exercise of the Warrants. As at the end of the financial year, none of the Warrants have been exercised.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. CAPITAL AND RESERVES (CONT'D)

17.2 Share premium

This comprises the premium paid on subscription of ordinary shares in the Company over and above the par value of the shares.

In accordance with Section 618 of the Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital.

17.3 Capital reserve - Group

The capital reserve arose from the redemption of preference shares by subsidiaries in prior years.

17.4 Other reserves

(Debit)/Credit	Business combination deficit RM'000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
Group				
At 1 July 2017	(157,064)	(44,479)	5,528	(196,015)
Foreign currency translation differences for foreign operations	-	-	(9,499)	(9,499)
Disposal of associate	-	-	33	33
At 30 June 2018/1 July 2018	(157,064)	(44,479)	(3,938)	(205,481)
Foreign currency translation differences for foreign operations	-	-	3,384	3,384
At 30 June 2019	(157,064)	(44,479)	(554)	(202,097)
Company				
At 1 July 2017/30 June 2018/ 1 July 2018/30 June 2019	-	(83,429)	-	(83,429)

i) The business combination deficit represents the excess of the purchase consideration paid by the Company, the legal acquirer, over the net assets of AIC, the accounting acquirer in 2012.

ii) The fair value adjustment reserve represents the difference between the fair value and the issue price of the ordinary shares in the Company issued:

(a) as consideration for the acquisition of the business and undertakings, including all the assets and liabilities of AutoV and Jotech in 2012; and

(b) on conversion of the redeemable convertible preference shares in a subsidiary in 2014.

iii) The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

18. LOANS AND BORROWINGS

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current					
Term loans	18.1	5,984	9,018	-	-
Finance lease liabilities	18.3	578	711	188	249
		6,562	9,729	188	249
Current					
Term loans	18.1	3,724	3,620	-	-
Trade financing	18.2	9,594	9,339	-	-
Murabahah capital financing	18.4	177	52	-	-
Finance lease liabilities	18.3	409	375	60	57
Bank overdraft		1,046	-	-	-
		14,950	13,386	60	57
Total loans and borrowings		21,512	23,115	248	306

18.1 Term loans

The term loans are secured by either single security or combination of securities, comprising freehold and leasehold land, buildings, plant and equipment, inventories, fixed and floating charges on certain assets as well as corporate guarantees from certain Group entities as disclosed in Notes 3 and 12.

18.2 Trade financing

The trade financing are secured by either single security or combination of securities, comprising fixed and floating charges on assets as well as corporate guarantees from certain Group entities.

18.3 Finance lease liabilities

Finance lease liabilities of the Group are repayable as follows:

	Future minimum lease payments 2019 RM'000	Interest 2019 RM'000	Present value of minimum lease payments 2019 RM'000	Future minimum lease payments 2018 RM'000	Interest 2018 RM'000	Present value of minimum lease payments 2018 RM'000
Group						
Less than one year	456	47	409	428	53	375
Between one and five years	615	37	578	770	59	711
	1,071	84	987	1,198	112	1,086

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

18. LOANS AND BORROWINGS (CONT'D)

18.3 Finance lease liabilities (Cont'd)

Finance lease liabilities of the Company are repayable as follows:

	Future minimum lease payments 2019 RM'000	Interest 2019 RM'000	Present value of minimum lease payments 2019 RM'000	Future minimum lease payments 2018 RM'000	Interest 2018 RM'000	Present value of minimum lease payments 2018 RM'000
Company						
Less than one year	71	11	60	71	14	57
Between one and five years	202	14	188	274	25	249
	273	25	248	345	39	306

18.4 Murabahah capital financing

The borrowings are secured by fixed and floating charges on assets as well as corporate guarantees from a Group entity.

These borrowings are subject to repayment terms and interest rates as disclosed in Note 30.5.

18.5 Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1.7.2018 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Foreign exchange movement RM'000	At 30.6.2019 RM'000
Group					
Term loans	12,638	(2,930)	-	-	9,708
Trade financing	9,339	255	-	-	9,594
Finance lease liabilities	1,086	(608)	499	10	987
Murabahah capital financing	52	125	-	-	177
Total liabilities from financing activities	23,115	(3,158)	499	10	20,466

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

18. LOANS AND BORROWINGS (CONT'D)

18.5 Reconciliation of movement of liabilities to cash flows arising from financing activities (Cont'd)

	At 1.7.2017 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Disposal of subsidiary RM'000	Foreign exchange movement RM'000	At 30.6.2018 RM'000
Group						
Term loans	22,398	(9,657)	-	-	(103)	12,638
Trade financing	10,247	(908)	-	-	-	9,339
Finance lease liabilities	1,246	(539)	436	(52)	(5)	1,086
Murabahah capital financing	130	(78)	-	-	-	52
Total liabilities from financing activities	34,021	(11,182)	436	(52)	(108)	23,115

	At 1.7.2017 RM'000	Net changes from financing cash flows RM'000	At 30.6.2018/ 1.7.2018 RM'000	Net changes from financing cash flows RM'000	At 30.6.2019 RM'000
Company					
Finance lease liabilities	359	(53)	306	(58)	248

19. PROVISIONS

Group	Production sharing contract penalties RM'000	Warranties RM'000	Total RM'000
At 1 July 2017	-	1,726	1,726
Provisions made during the year	-	300	300
Provisions used during the year	-	(175)	(175)
At 30 June 2018/1 July 2018	-	1,851	1,851
Provisions made during the year	25,413	497	25,910
Provisions used during the year	-	(475)	(475)
Reversal of provision during the year	-	(1,135)	(1,135)
Effect of movements in exchange rates	(491)	-	(491)
At 30 June 2019	24,922	738	25,660

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

19. PROVISIONS (CONT'D)

Production sharing contract ("PSC") penalties

The penalties were provided for the Bontang Bengalon PSC of RM19,215,000 and for the Muara Enim II PSC of RM6,198,000 to fulfil the remaining obligation under the PSC as disclosed in Note 5.

Warranties

The provision for warranties relates to finished goods sold during the year. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to incur the liability over the next 2 to 3 financial years.

20. TRADE AND OTHER PAYABLES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Trade					
Trade payables	20.1	15,518	13,226	-	-
Amount due to affiliated company	20.2	75	-	-	-
		15,593	13,226	-	-
Non-trade					
Accrued expenses		5,395	4,399	387	416
Employee benefits liabilities	20.3	5,427	4,284	-	-
Other payables		8,665	6,370	-	8
Amount due to subsidiaries	20.4	-	-	-	978
		19,487	15,053	387	1,402
		35,080	28,279	387	1,402

20.1 Trade payables

Included in trade payables of the Group is an amount of RM68,000 (2018: RM49,000) due to a company in which a director has interests, which is subject to normal trade terms.

20.2 Amount due to affiliated company

The amount due to affiliated company refers to non-controlling interest of a subsidiary, which is subject to normal trade terms.

20.3 Employee benefits liabilities

A Group entity operates a non-contributory unfunded defined benefit plan that provides pension for its employees upon retirement. Under the plan, eligible employees are entitled to retirement benefits, depending on the employees' last drawn salary for each completed year of service upon the retirement age.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

20. TRADE AND OTHER PAYABLES (CONT'D)

20.3 Employee benefits liabilities (Cont'd)

The defined benefit plan exposes the Group to actuarial risks, such as mortality risk, currency risk and interest rate risk.

Movement in net defined benefit liabilities

The following table shows a reconciliation from beginning of year to the end of year for net defined benefit liabilities and its components:

	Group	
	2019 RM'000	2018 RM'000
Balance at beginning of the year	4,284	4,765
Included in profit or loss		
Current service cost	545	497
Actuarial changes	120	(640)
Remeasurement	(1)	(4)
Interest cost	367	330
	1,031	183
Benefit payment	(77)	(65)
Effect of movements in exchange rate	189	(599)
	1,143	(481)
Balance at end of the year	5,427	4,284

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	Group	
	2019	2018
Discount rate	8.18%	8.44%
Future salary growth	10.0%	10.0%
Mortality rate	0.00064	0.00064
Disability rate	0.00006	0.00006

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation. However, the Directors are of the view that the above risks are not significant.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

20. TRADE AND OTHER PAYABLES (CONT'D)

20.4 Amount due to subsidiaries

In 2018, the non-trade amount due to subsidiaries represented advances received which were unsecured, interest free and repayable on demand. As at 30 June 2019, the entire balance has been waived by the subsidiaries.

21. REVENUE

Group	Continuing operations 2019 RM'000	Continuing operations 2018 RM'000	Discontinued operations 2019 RM'000	Discontinued operations 2018 RM'000	Total 2019 RM'000	Total 2018 RM'000
Revenue from contracts with customers	216,974	194,675	-	10,243	216,974	204,918
Other revenue						
- Rental income	324	54	-	-	324	54
- Others	-	96	-	-	-	96
	324	150	-	-	324	150
Total revenue	217,298	194,825	-	10,243	217,298	205,068
Company						
Management fee income	2,105	1,675	-	-	2,105	1,675

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

21. REVENUE (CONT'D)

21.1 Disaggregation of revenue

Group	Reportable segments: Integrated manufacturing services – Continuing operations 2019 RM'000	Continuing operations 2018 RM'000	Discontinued operations 2019 RM'000	Discontinued operations 2018 RM'000	Resources 2019 RM'000	Resources 2018 RM'000	Investment holding 2019 RM'000	Investment holding 2018 RM'000	Total 2019 RM'000	Total 2018 RM'000
Revenue from contracts with customers										
Primary geographical markets										
Malaysia	116,467	99,579	-	10,243	5,806	8,278	-	-	122,273	118,100
Indonesia	61,168	61,659	-	-	-	-	-	-	61,168	61,659
United Kingdom	-	8	-	-	-	-	-	-	-	8
Australia	9	317	-	-	-	-	-	-	9	317
Singapore	18,418	17,130	-	-	-	-	-	-	18,418	17,130
United States of America	7,210	2,354	-	-	-	-	-	-	7,210	2,354
The People's Republic of China	1,956	2,097	-	-	-	-	-	-	1,956	2,097
Other countries	5,940	3,253	-	-	-	-	-	-	5,940	3,253
	211,168	186,397	-	10,243	5,806	8,278	-	-	216,974	204,918
Major products and services lines										
Automotive components design and manufacturing	98,728	73,948	-	10,243	-	-	-	-	98,728	84,191
Precision machining, stamping and tooling	112,440	112,449	-	-	-	-	-	-	112,440	112,449
Fresh fruit bunches	-	-	-	-	5,806	8,278	-	-	5,806	8,278
	211,168	186,397	-	10,243	5,806	8,278	-	-	216,974	204,918
Timing and recognition										
At a point in time	181,519	186,397	-	10,243	5,806	8,278	-	-	187,325	204,918
Over time	29,649	-	-	-	-	-	-	-	29,649	-
	211,168	186,397	-	10,243	5,806	8,278	-	-	216,974	204,918
Revenue from contracts with customers	211,168	186,397	-	10,243	5,806	8,278	-	-	216,974	204,918
Other revenue	324	54	-	-	-	-	-	96	324	150
Total revenue	211,492	186,451	-	10,243	5,806	8,278	-	96	217,298	205,068

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

21. REVENUE (CONT'D)

21.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Automotive parts and accessories	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period of 30 to 60 days from invoice date.	Not applicable.	The Group allows returns only for exchange with new goods (i.e. no cash refunds are offered)	Warranties of 3 years but only to the extent of the mileage of the vehicle (in which the automotive parts and accessories are installed or used in) not exceeding 100,000 kilometres, are given at no cost to customers.
Fabrication of tooling and moulds to produce automotive parts and accessories	Revenue is recognised over time as costs are incurred. The customer has control over the tooling and moulds as the tooling and moulds are created and these tooling and moulds would have no alternative use and the Group has rights to payment for work performed.	Credit period of 45 to 60 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Precision stamping and tooling	Revenue is recognised when the goods are delivered to the customers and all criteria for acceptance have been satisfied.	Credit period of 30 to 60 days from invoice date.	Not applicable.	The Group allows returns only for exchange with new goods (i.e. no cash refunds are offered)	Warranties of 3 years but only to the extent of the mileage of the vehicle (in which the stamped metal parts are installed or used in) not exceeding 100,000 kilometres, are given at no cost to customers.
Precision machining and automation systems	Certain revenue is recognised over time as costs are incurred. These contracts would meet the no alternative use and the Group has rights to payment for work performed. The remaining revenue is recognised when goods are delivered to the customers and all criteria for acceptance have been satisfied.	Credit period of 30 to 90 days from invoice date.	Not applicable.	The Group allows returns only for exchange with new goods (i.e. no cash refunds are offered)	Warranties of 3 years are given at no cost to certain customers.
Fresh fruit bunches	Revenue is recognised at a point in time when the fresh fruit bunches are delivered and accepted by the customer at its premise or recognised upon the control of the goods having transferred to the customer.	Credit period of 60 days from invoice date.	Not applicable.	Not applicable.	Not applicable.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

21. REVENUE (CONT'D)

21.3 Transaction price allocated to the remaining performance obligations

There are no performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

22. LOSS FOR THE YEAR

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss for the year is arrived at after charging:				
Auditors' remuneration:				
- Audit fees				
KPMG PLT	346	360	110	110
Overseas affiliates of KPMG PLT	408	455	-	-
Other auditors	106	114	-	-
- Non-audit fees				
KPMG PLT	20	20	20	20
Material expenses				
Amortisation of customer relationships	395	395	-	-
Amortisation of development costs	28	229	-	-
Depreciation of property, plant and equipment	9,963	10,617	138	113
Fair value loss on biological assets	107	254	-	-
Fair value loss on financial assets at fair value through profit or loss	45	31	-	-
Impairment loss on available-for-sale financial assets	-	323	--	
Impairment loss on exploration and evaluation assets (net)	20,778	36,011	-	-
Impairment loss on goodwill	252	-	-	-
Impairment loss on advances to subsidiaries	-	-	24,466	-
Impairment loss on investments in subsidiaries	-	-	-	40,489
Impairment loss on property, plant and equipment	-	243	-	-
Impairment loss on receivables	-	147	42	5,310
Amount due from subsidiaries written off	-	-	12	-
Inventories written off	712	390	-	-
Inventories written down to net realisable value	749	174	-	-
Loss on disposal of other investments	20	-	-	-
Loss on sale of discontinued operations (net)	-	44	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	2,333	2,158	202	200
- Wages, salaries and others	34,106	39,623	1,690	1,606
- Expenses related to defined benefit plans (net)	1,031	183	-	-
Prepayments written off	1,000	723	1,000	-
Property, plant and equipment written off	2	1,126	-	7
Provision for PSC penalties	25,413	-	-	-
Provision for warranties	497	300	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

22. LOSS FOR THE YEAR (CONT'D)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss for the year is arrived at after charging: (Cont'd)				
Material expenses (Cont'd)				
Rental expense in respect of:				
- Equipment	90	95	4	5
- Premises	1,313	1,984	134	55
Royalty expense	69	44	-	-
Realised foreign exchange loss	217	119	-	-
Unrealised foreign exchange loss	-	830	-	-
and after crediting:				
Material income				
Gain on disposal of property,plant and equipment	147	353	11	-
Gain on disposal of associate	-	1,158	-	-
Management fee income	-	-	2,105	1,675
Realised foreign exchange gain	-	-	-	1
Rental income from property	336	481	-	-
Reversal of inventories written down	1,555	2,106	-	-
Reversal of provision for warranties	1,135	-	-	-
Waiver of amount due to subsidiaries	-	-	1,058	-
Unrealised foreign exchange gain	12	-	-	-

23. FINANCE INCOME

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest income on deposits and short term placements with licensed banks and approved financial institutions	963	878	57	62

24. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expense on:				
- Term loans	717	911	-	-
- Finance lease liabilities	72	65	15	17
- Trade financing facilities	561	642	-	-
- Bank overdraft	35	-	-	-
	1,385	1,618	15	17
Other finance costs	161	508	-	1
	1,546	2,126	15	18

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. TAX EXPENSE

Recognised in profit or loss

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Tax expense on					
- continuing operations		2,900	(91)	-	-
- discontinued operations	26	-	(8)	-	-
Total tax expense		2,900	(99)	-	-
Income tax expense					
Malaysian - current year		1,865	2,105	-	-
- prior years		(289)	(440)	-	-
Overseas - current year		1,611	1,984	-	-
Total income tax expense recognised in profit or loss		3,187	3,649	-	-
Deferred tax expense					
Origination and reversal of temporary differences		(294)	(3,555)	-	-
Under/(Over) provision in prior year		56	(139)	-	-
Crystallisation of deferred tax liability on revaluation surplus of property arising prior to MFRS adoption		(49)	(54)	-	-
Total deferred tax recognised in profit or loss		(287)	(3,748)	-	-
Total tax expense		2,900	(99)	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. TAX EXPENSE (CONT'D)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Reconciliation of tax expense				
Loss for the year	(43,902)	(39,105)	(26,404)	(47,368)
Total tax expense	2,900	(99)	-	-
Loss excluding tax	(41,002)	(39,204)	(26,404)	(47,368)
Income tax calculated using tax rate of 24%	(9,841)	(9,409)	(6,337)	-(11,368)
Non-deductible expenses	23,283	16,527	6,469	11,368
Tax incentive	(559)	(718)	-	-
Tax exempt income	(586)	(579)	(254)	-
Effect of deferred tax assets not recognised	(1,474)	1,949	122	-
Over provision in prior years	(233)	(579)	-	-
Crystallisation of deferred tax liability on revaluation surplus of property arising prior to MFRS adoption	(49)	(54)	-	-
Effect of different tax rates in foreign jurisdictions	(7,641)	(7,236)	-	-
	2,900	(99)	-	-

26. DISCONTINUED OPERATIONS

In 2018, the Group had identified, planned and disposed of JP Metal Sdn Bhd ("JP Metal"), a loss making subsidiary for a cash consideration of RM400,000.

Consequently, the results of JP Metal were presented as discontinued operations in accordance to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, in the financial statements.

Loss attributable to the discontinued operations was as follows:

Results of discontinued operations

	Note	Group 2018 RM'000
Revenue		10,243
Expenses		(13,217)
Results from operating activities		(2,974)
Tax expense	25	8
Results from operating activities, net of tax		(2,966)
Loss on sale of discontinued operations (net)		(44)
Loss for the year		(3,010)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

26. DISCONTINUED OPERATIONS (CONT'D)

Results of discontinued operations (Cont'd)

	Group 2018 RM'000
Included in results from operating activities were:	
Depreciation of property, plant and equipment	(373)
Inventories written off	(227)
Impairment loss on property, plant and equipment	(243)
Impairment loss on trade receivables	(127)
Prepayments written off	(723)
Finance costs	(28)
Finance income	2

In 2018, the total comprehensive expense from discontinued operations of RM3,010,000 was attributable to the owners of the Company.

	Group 2018 RM'000
Cash flows (used in)/from discontinued operations	
Net cash used in operating activities	(4,573)
Net cash from investing activities	4,502
Net cash used in financing activities	(165)
Effect on cash flows	(236)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

26. DISCONTINUED OPERATIONS (CONT'D)

Effect of the disposals of discontinued operations on the financial position of the Group

	2018 RM'000
Property, plant and equipment	855
Inventories	1,289
Trade and other receivables	1,748
Current tax assets	32
Cash and cash equivalents	133
Trade and other payables	(3,561)
Borrowings	(52)
Net assets	444
Share of net assets	444
Loss on sale of discontinued operations (net)	(44)
Cash consideration received	400
Cash and cash equivalents disposed of	(133)
Net cash inflow	267
Net loss on sale of discontinued operations	(44)

27. KEY MANAGEMENT PERSONNEL COMPENSATIONS

The key management personnel compensations are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors:				
- Fees	530	554	168	168
- Remuneration	4,098	3,817	1,164	893
- Estimated monetary value of benefits-in-kind	11	11	-	-
	4,639	4,382	1,332	1,061
Other key management personnel:				
- Short term employee benefits	5,191	5,721	318	285
- Estimated monetary value of benefits-in-kind	7	7	-	-
	5,198	5,728	318	285
	9,837	10,110	1,650	1,346

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

28. EARNINGS PER ORDINARY SHARE - GROUP

i) Basic loss per ordinary share

The calculation of basic loss per ordinary share was based on the loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Loss attributable to owners of the Company		
Continuing operations	19,365	17,346
Discontinued operations	-	3,010
	19,365	20,356
	'000	**'000**
Weighted average number of ordinary shares	269,087	269,087 *
	Sen	**Sen**
Basic loss per ordinary share		
Continuing operations	7.197	6.446
Discontinued operations	-	1.119
	7.197	7.565

* As a result of the share consolidation during the financial year as disclosed in Note 17, the weighted average number of ordinary shares have been adjusted retrospectively as if the share consolidation had been in place at the beginning of the comparative years. Accordingly, the basic loss per ordinary share for the financial year ended 30 June 2018 was restated.

ii) Diluted earnings per ordinary share

Diluted earnings per ordinary share is not applicable for the current financial year as:

i) the Group incurred a loss for the current financial year; and
ii) the exercise price of the Company's Warrants of RM0.72 is higher than the market price of the Company's shares as at year end.

Diluted earnings per ordinary share for the previous financial year is not applicable as there were not dilutive instruments as at the end of the previous reporting period.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

29. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Executive Directors (the chief operating decision makers) review internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- *IMS* — Includes automotive components design and manufacturing and precision machining, stamping and tooling divisions
- *Resources* — Includes oil palm plantation
- *Energy* — Includes oil and gas exploration and production and services
- *Investment holding* — Includes investments in subsidiaries

The accounting policies on the determination of the reportable segments are as described in Note 2(v).

Performance is measured primarily on segment profit before tax ("segment profit") as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment Profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

Segment assets are measured based on all assets (excluding goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment assets are used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities are measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment liabilities are used to measure the gearing of each segment.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and intangible assets other than goodwill.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

29. OPERATING SEGMENTS (CONT'D)

	IMS RM'000	Resources RM'000	Energy RM'000	Investment holding RM'000	Consolidation adjustments RM'000	Total RM'000	Discontinued operations RM'000	Continuing operations RM'000
2019								
Segment Profit/(Loss)	13,570	(1,673)	(49,433)	(2,824)	5	(40,355)	-	(40,335)
Income/(Expense) included in the measure of Segment Profit/ (Loss) are:								
Revenue from external customers	211,492	5,806	-	-	-	217,298	-	217,298
Inter-segment revenue	-	-	-	2,105	(2,105)	-	-	-
Depreciation and amortisation	(6,932)	(2,783)	(137)	(139)	-	(9,991)	-	(9,991)
Fair value loss on biological assets	-	(107)	-	-	-	(107)	-	(107)
Fair value loss on financial assets at fair value through profit or loss	-	-	(14)	(31)	-	(45)	-	(45)
Finance costs	(543)	(827)	(544)	(15)	383	(1,546)	-	(1,546)
Finance income	1,087	-	-	254	(378)	963	-	963
Impairment loss on exploration and evaluation assets	-	-	(20,778)	-	-	(20,778)	-	(20,778)
Inventories written off	(712)	-	-	-	-	(712)	-	(712)
Inventories written down to net realisable value	(749)	-	-	-	-	(749)	-	(749)
Reversal of inventories written down	1,555	-	-	-	-	1,555	-	1,555
Prepayments written off	-	-	-	(1,000)	-	(1,000)	-	(1,000)
Property, plant and equipment written off	(2)	-	-	-	-	(2)	-	(2)
Provision for PSC penalties	-	-	(25,413)	-	-	(25,413)	-	(25,413)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

29. OPERATING SEGMENTS (CONT'D)

	IMS RM'000	Resources RM'000	Energy RM'000	Investment holding RM'000	Consolidation adjustments RM'000	Total RM'000	Discontinued operations RM'000	Continuing operations RM'000
2018								
Segment Profit/(Loss)	6,310	(58)	(44,055)	(1,024)	18	(38,809)	(3,018)	(35,791)
Income/(Expense) included in the measure of Segment Profit/(Loss) are:								
Revenue from external customers	196,694	8,278	-	96	-	205,068	10,243	194,825
Inter-segment revenue	30	-	-	1,675	(1,705)	-	-	-
Depreciation and amortisation	(7,656)	(2,796)	(275)	(119)	-	(10,846)	(373)	(10,473)
Fair value loss on biological assets	-	(254)	-	-	-	(254)	-	(254)
Fair value loss on financial assets at fair value through profit or loss	-	-	-	(31)	-	(31)	-	(31)
Finance costs	(750)	(922)	(464)	(18)	-	(2,154)	(28)	(2,126)
Finance income	817	-	-	63	-	880	2	878
Impairment loss on available-for-sale financial assets	-	-	(323)	-	-	(323)	-	(323)
Impairment loss on exploration and evaluation assets	-	-	(36,011)	-	-	(36,011)	-	(36,011)
Impairment loss on property, plant and equipment	(243)	-	-	-	-	(243)	(243)	-
Impairment loss on trade receivables	(147)	-	-	-	-	(147)	(127)	(20)
Inventories written off	(390)	-	-	-	-	(390)	(227)	(163)
Inventories written down to net realisable value	(174)	-	-	-	-	(174)	-	(174)
Reversal of inventories written down	2,106	-	-	-	-	2,106	-	2,106
Property, plant and equipment written off	(1,120)	-	-	(6)	-	(1,126)	-	(1,126)
Prepayments written off	-	-	-	-	-	(723)	(723)	-

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(CONT'D)

29. OPERATING SEGMENTS (CONT'D)

	IMS RM'000	Resources RM'000	Energy RM'000	Investment holding RM'000	Consolidation adjustments RM'000	Total RM'000
2019						
Segment assets	170,354	51,417	107,533	99,674	(95,854)	333,124
Included in the measure of segment assets are:						
Additions to non-current assets other than financial instruments and deferred tax assets	17,128	4	10,304	108	-	27,544
Segment liabilities	40,549	18,323	130,582	656	(102,291)	87,819
2018						
Segment assets	156,154	53,558	116,742	109,031	(95,776)	339,709
Included in the measure of segment assets are:						
Additions to non-current assets other than financial instruments and deferred tax assets	8,033	141	8,378	176	-	16,728
Segment liabilities	41,409	18,616	93,835	764	(95,776)	58,848

Reconciliation of segment profit, segment assets and liabilities

Reconciliation to consolidated loss before tax

	Group	
	2019 RM'000	2018 RM'000
Total segment loss	(40,355)	(38,809)
Less: Discontinued operations	-	3,018
Unallocated expenses:		
Amortisation of customer relationships	(395)	(395)
Impairment loss on goodwill	(252)	-
Consolidated loss before tax	(41,002)	(36,186)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

29. OPERATING SEGMENTS (CONT'D)

Reconciliation of segment profit, segment assets and liabilities (Cont'd)

Reconciliation to consolidated total assets

	Group	
	2019 RM'000	**2018 RM'000**
Total segment assets	333,124	339,709
Customer relationships	5,524	5,919
Goodwill on consolidation	22,182	22,434
Consolidated total assets	360,830	368,062

Geographical segments

The Group's Executive Directors (the chief operating decision makers) review and monitor the performance and financial information of the continuing operations by geographical segments at least on a monthly basis. There was no geographical information provided to the chief operating decision makers in relation to the discontinued operations.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments, investment in an associate and deferred tax assets.

The geographical information in regards to revenue, non-current assets (excluding financial instruments and deferred tax assets) and trade receivables of the Group can be shown as follows:

	Revenue RM'000	**Non-current assets RM'000**	**Trade receivables RM'000**
2019			
Malaysia	122,597	120,090	16,570
Australia	9	-	-
Singapore	18,418	-	2,806
United States of America	7,210	-	1,024
Indonesia	61,168	117,274	5,983
The People's Republic of China	1,956	5	428
Other countries	5,940	-	1,161
	217,298	237,369	27,972

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

29. OPERATING SEGMENTS (CONT'D)

Geographical segments (Cont'd)

The geographical information in regards to revenue, non-current assets (excluding financial instruments and deferred tax assets) and trade receivables of the Group can be shown as follows: (Cont'd)

	Revenue RM'000	Non-current assets RM'000	Trade receivables RM'000
2018			
Malaysia	108,007	114,915	17,131
Australia	317	-	-
United Kingdom	8	-	1
Singapore	17,130	-	2,132
Taiwan	-	-	140
United States of America	2,354	-	338
Indonesia	61,659	122,637	5,083
The People's Republic of China	2,097	6	581
Other countries	3,253	-	181
	194,825	237,558	25,587

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	2019		2018	
	Number of customers	RM'000	Number of customers	RM'000
Segment				
IMS	2	80,760	2	55,853

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. FINANCIAL INSTRUMENTS

30.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 30 June 2019 categorised as follows:

(a) Amortised cost ("AC"); and
(b) Fair value through profit or loss ("FVTPL")
- Mandatorily required by MFRS 9.

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
2019			
Financial assets			
Group			
Other investments	185	-	185
Trade and other receivables*	36,778	36,778	-
Fixed deposits with maturity more than three months but less than twelve months	6,000	6,000	-
Cash and cash equivalents	40,750	40,750	-
	83,713	83,528	185
Company			
Trade and other receivables*	9,691	9,691	-
Cash and cash equivalents	3,616	3,616	-
	13,307	13,307	-
Financial liabilities			
Group			
Loans and borrowings	(21,512)	(21,512)	-
Trade and other payables^	(29,653)	(29,653)	-
	(51,165)	(51,165)	-
Company			
Loans and borrowings	(248)	(248)	-
Trade and other payables	(387)	(387)	-
	(635)	(635)	-

* Excludes prepayments
^ Excludes employee benefits liabilities

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments as at 30 June 2018 categorised as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL"):
- Held for trading ("HFT");
(c) Available-for-sale financial assets ("AFS"); and
(d) Finance liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL-HFT RM'000	AFS RM'000
2018				
Financial assets				
Group				
Other investments	3,750	-	216	3,534
Trade and other receivables*	33,051	33,051	-	-
Cash and cash equivalents	55,389	55,389	-	-
	92,190	88,440	216	3,534
Company				
Trade and other receivables*	5,553	5,553	-	-
Cash and cash equivalents	4,333	4,333	-	-
	9,886	9,886	-	-
Financial liabilities				
Group				
Loans and borrowings	(23,115)	(23,115)	-	-
Trade and other payables^	(23,995)	(23,995)	-	-
	(47,110)	(47,110)	-	-
Company				
Loans and borrowings	(306)	(306)	-	-
Trade and other payables	(1,402)	(1,402)	-	-
	(1,708)	(1,708)	-	-

* Excludes prepayments
^ Excludes employee benefits liabilities

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Net gains and losses arising from financial instruments

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net gains/(losses) on:				
Financial assets at fair value through profit or loss:				
- Mandatorily required by MFRS 9	(65)	-	-	-
- Held for trading	-	(31)	-	-
Financial assets at amortised cost	758	-	45	-
Loans and receivables	-	(69)	-	62
Financial liabilities at amortised cost	(1,546)	(2,154)	1,043	(18)
	(853)	(2,254)	1,088	44
Net loss on impairment of financial instruments:				
- Financial assets at amortised cost	-	-	(24,508)	-
- Loans and receivables	-	(147)	-	(5,310)
- Available-for-sale financial assets	-	(323)	-	-
	-	(470)	(24,508)	(5,310)

30.3 Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

30.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from advances to subsidiaries and the corporate guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally, financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Risk management objectives, policies and processes for managing the risk (Cont'd)

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables.

Concentration of credit risk

The Group has credit risk concentration of approximately RM10,178,000 (2018: RM10,130,000) arising from the exposure to 2 major customers (2018: 2 major customers). Management constantly monitors the recovery of this outstanding balance and is confident of its recoverability.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region is disclosed in Note 29. The exposure of credit risk for contract assets as at the end of the reporting period by geographic region was solely domestic.

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days. The Group's debt recovery process is as follows:

a) Above 120 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team; and
b) The Group will commence a legal proceeding against the customer who fails to pay after the Group initiates the debt recovery process.

The Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. Substantially all of these customers have low risk of default. Consistent with the debt recovery process, invoices which are past due 120 days will be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 30 June 2019 which are grouped together as they are expected to have similar risk nature.

Group	Gross/ Net RM'000
2019	
Not past due	26,039
Past due 1 - 30 days	9,504
Past due 31 - 120 days	60
	35,603
Trade receivables	27,972
Contract assets	7,631
	35,603

There was no allowance for impairment in respect of trade receivables and contract assets during the year.

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The ageing of trade receivables as at 30 June 2018 was as follows:

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
2018				
Not past due	16,834	-	-	16,834
Past due 1 - 30 days	5,611	-	-	5,611
Past due 31 - 120 days	2,604	-	-	2,604
Past due more than 120 days	538	-	-	538
	25,587	-	-	25,587

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement (Cont'd)

The movements in the allowance for impairment losses on trade receivables during the financial year were:

	Group 2018 RM'000
At beginning of the year	954
Impairment loss recognised	147
Disposal of subsidiary	(127)
Impairment loss written off	(974)
At end of the year	-

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Cash and cash equivalents and fixed deposits

The cash and cash equivalents and fixed deposits are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from amount owing from PSC partners for their obligations to finance the exploration projects and operations of the PSC as well as deposits paid for office buildings and fixtures rented. These deposits will be refunded at the end of each lease term. The Group manages the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group did not recognise any allowance for impairment losses.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured corporate guarantees to banks in respect of banking facilities granted to the subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.4 Credit risk (Cont'd)

Financial guarantees (Cont'd)

Risk management objectives, policies and processes for managing the risk (Cont'd)

In addition, the Company has issued letters of financial support to certain subsidiaries and have indicated its willingness to provide continuing financial support to these subsidiaries.

The Directors are of the opinion that no provision is required in respect of the above matters as it is not probable that a future sacrifice of economic benefit will be required or the amount is not capable of reliable measurement.

Exposure to credit risk, credit quality and collateral

As at 30 June 2019, the Company had executed corporate guarantees in favour of licensed financial institutions up to a limit of RM35.2 million (2018: RM42.7 million) for credit facilities granted to its subsidiaries. Out of the total banking facilities secured by corporate guarantees issued by the Company, a total of RM19.2 million (2018: RM21.0 million) was outstanding at the end of the reporting period.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, there was no indication that any subsidiary would default on the repayment of their outstanding credit facilities.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.4 Credit risk (Cont'd)

Inter-company loans and advances (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances as at 30 June 2019.

Company	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
2019			
Low credit risk	8,520	-	8,520
Significant increase in credit risk	60,896	(24,466)	36,430
Credit impaired	5,469	(5,469)	-
	74,885	(29,935)	44,950

The movement in the allowance for impairment in respect of subsidiaries' loans and advances during the year is as follows:

Company	2019 Lifetime ECL RM'000
Balance at beginning of year as per MFRS 139/MFRS 9	5,468
Amount written off	(41)
Net remeasurement of loss allowance	24,508
Balance at end of year	29,935

The significant increase in net measurement of loss allowance is primarily due to impairment losses were recognised on certain advances to subsidiaries as these subsidiaries' financial positions have deteriorated during the financial year.

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The movements in the allowance for impairment losses of inter-company loans and advances during the financial year were:

Company	2018 RM'000
At beginning of year	158
Impairment loss recognised	5,310
At end of year	5,468

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by maintaining committed credit lines available. In addition, the objective for debt maturities monitoring is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and/or refinance.

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Financial liabilities							
2019							
Non-derivative financial liabilities							
Secured term loans							
- fixed rate	713	5.00	751	601	150	-	-
- floating rate	8,995	4.65-7.97	10,063	3,568	2,742	3,585	168
Trade financing	9,594	5.30	9,594	9,594	-	-	-
Murabahah capital financing	177	5.70-5.85	180	180	-	-	-
Finance lease liabilities	987	4.85-6.05	1,071	456	340	275	-
Bank overdraft	1,046	7.85	1,046	1,046	-	-	-
Trade and other payables*	29,653	-	29,653	29,653	-	-	-
	51,165		52,358	45,098	3,232	3,860	168
2018							
Non-derivative financial liabilities							
Secured term loans							
- fixed rate	1,254	5.00	1,359	601	758	-	-
- floating rate	11,384	4.55-8.22	12,539	3,627	3,842	3,853	1,217
Trade financing	9,339	5.55	9,339	9,339	-	-	-
Murabahah capital financing	52	6.10	52	52	-	-	-
Finance lease liabilities	1,086	4.65-9.22	1,198	428	353	417	-
Trade and other payables*	23,995	-	23,995	23,995	-	-	-
	47,110		48,482	38,042	4,953	4,270	1,217

** Accruals for interest on borrowings have been included in the contractual cash flows of the respective financial liabilities.*

30. FINANCIAL INSTRUMENTS (CONT'D)

30.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 Years RM'000	More than 5 years RM'000
Company							
Financial liabilities							
2019							
Non-derivative financial liabilities							
Finance lease liabilities	248	5.17	273	71	71	131	-
Other payables and accrued expenses	387	-	387	387	-	-	-
Financial guarantees	-	-	19,200	19,200	-	-	-
	635		19,860	19,658	71	131	-
2018							
Non-derivative financial liabilities							
Finance lease liabilities	306	5.17	345	71	71	203	-
Other payables and accrued expenses	1,402	-	1,402	1,402	-	-	-
Financial guarantees	-	-	21,000	21,000	-	-	-
	1,708		22,747	22,473	71	203	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.6 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

(a) Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily the United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR"), Japanese Yen ("JPY") and Australian Dollar ("AUD").

Risk management objectives, policies and processes for managing the risk

The Group maintains a natural hedge, whenever possible, by buying materials and selling its products and services in similar currencies other than its functional currency. In addition, the Group enters into foreign currency forward contracts in the normal course of business, where appropriate, to manage its exposure against foreign currency fluctuations on sales and purchases transactions denominated in foreign currencies.

The Group and the Company are also exposed to foreign currency risk in respect of their investment in foreign subsidiaries. The Group does not hedge this exposure by having foreign currency borrowings but keeps this policy under review and will take necessary action to minimise the exposure of this risk.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Assets/(Liabilities) denominated in				
Group	**USD RM'000**	**SGD RM'000**	**EUR RM'000**	**JPY RM'000**	**AUD RM'000**
2019					
Trade and other receivables	3,647	-	193	-	-
Cash and cash equivalents	2,026	-	10	90	-
Trade and other payables	(1,543)	(18)	(163)	(523)	-
Net exposure	4,130	(18)	40	(433)	-
2018					
Trade and other receivables	2,024	30	101	-	-
Cash and cash equivalents	4,515	-	546	75	-
Trade and other payables	(1,164)	(10)	(407)	(378)	
(32)					
Net exposure	5,375	20	240	(303)	(32)

Currency risk sensitivity analysis

A 10% (2018: 10%) strengthening of RM against the following currencies at the end of the reporting period would have increased/(decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.6 Market risk (Cont'd)

(a) Currency risk (Cont'd)

Currency risk sensitivity analysis (Cont'd)

	Group	
	2019 RM'000	2018 RM'000
USD	(314)	(409)
SGD	1	(2)
EUR	(3)	(18)
JPY	33	23
AUD	-	2

A 10% (2018: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(b) Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate borrowings and deposits. The Group does not use derivative financial instruments to hedge its interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed rate instruments				
Financial assets	15,737	5,050	2,000	3,000
Financial liabilities	(1,877)	(2,392)	(248)	(306)
	13,860	2,658	1,752	2,694
Floating rate instruments				
Financial assets	12,921	19,608	-	-
Financial liabilities	(19,635)	(20,723)	-	-
	(6,714)	(1,115)	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.6 Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2019		2018	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
Group				
Floating rate instruments	(51)	51	(8)	8

(c) Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Directors of the Group entities.

Equity price risk sensitivity analysis

Investments in equity securities are not significant, as such, sensitivity analysis is not presented.

30.7 Fair value information

The carrying amounts of cash and cash equivalents, fixed deposits, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.7 Fair value information (Cont'd)

The table below analyses other financial instruments at fair value.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2019										
Financial assets										
Quoted shares	185	-	-	185	-	-	-	-	185	185
Financial liabilities										
Term loans										
- fixed rate	-	-	-	-	-	-	713	713	713	713
- floating rate	-	-	-	-	-	-	8,995	8,995	8,995	8,995
Trade financing	-	-	-	-	-	-	9,594	9,594	9,594	9,594
Murabahah capital financing	-	-	-	-	-	-	177	177	177	177
Finance lease liabilities	-	-	-	-	-	-	987	987	987	987
Bank overdraft	-	-	-	-	-	-	1,046	1,046	1,046	1,046
	-	-	-	-	-	-	21,512	21,512	21,512	21,512
2018										
Financial assets										
Quoted shares	230	-	-	230	-	-	-	-	230	230
Financial liabilities										
Term loans										
- fixed rate	-	-	-	-	-	-	1,254	1,254	1,254	1,254
- floating rate	-	-	-	-	-	-	11,384	11,384	11,384	11,384
Trade financing	-	-	-	-	-	-	9,339	9,339	9,339	9,339
Murabahah capital financing	-	-	-	-	-	-	52	52	52	52
Finance lease liabilities	-	-	-	-	-	-	1,086	1,086	1,086	1,086
	-	-	-	-	-	-	23,115	23,115	23,115	23,115

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.7 Fair value information (Cont'd)

Company	2019 Carrying amount RM'000	2019 Fair value Level 3 RM'000	2018 Carrying amount RM'000	2018 Fair value Level 3 RM'000
Financial liabilities				
Finance lease liabilities	248	248	306	306

Policy on transfer between levels

The fair value of a financial asset or liability to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2018: no transfer in either direction).

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The market rate of interest of loans and borrowings is determined by reference to similar borrowing arrangements.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.7 Fair value information (Cont'd)

Level 3 fair value (Cont'd)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Non-current loans and borrowings with fixed interest rate	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.
Non-current loans and borrowings with variable interest rate	As the loans and borrowings will be re-priced to market interest rates, the carrying amount approximates fair value.

31. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group's debt-to-equity ratios were as follows:

	Group	
	2019 RM'000	2018 RM'000
Total loans and borrowings (Note 18)	(21,512)	(23,115)
Less: Fixed deposits with maturity more than three months but less than twelve months	6,000	-
Less: Cash and cash equivalents (Note 15)	40,750	55,389
Net cash	25,238	32,274
Total equity attributable to owners of the Company	233,317	246,380
Debt-to-equity ratio (times)	N/A	N/A

There were no changes in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. CAPITAL COMMITMENTS

	Group	
	2019 RM'000	2018 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	654	7,329
Exploration expenditure		
Contracted but not provided for	8,119	45,693

33. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Less than one year	679	911	134	134
Between one and five years	180	1,236	111	245
	859	2,147	245	379

The Group rents certain office premises under operating leases. The leases typically run for a period of 36 months, with remaining periods of 6 months to 22 months at the end of the reporting period and options to renew the lease after that date.

None of the leases includes contingent rentals.

34. RELATED PARTIES

34.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Group and certain members of senior management of the Group.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. RELATED PARTIES (CONT'D)

34.2 Related party transactions

The balances with related parties are disclosed in Notes 14 and 20. The significant related party transactions of the Group and of the Company, other than key management personnel compensations (see Note 27) are as follows:

Group	Amount transacted for the year RM'000	Gross balance Debit/(Credit) outstanding at year end RM'000	Allowance for impairment loss at year end RM'000	Net balance Debit/(Credit) outstanding at year end RM'000	Impairment loss recognised for the year RM'000
2019					
Sales to a company in which a person related to a director has interests	(36)	-	-	-	-
Sales to a company in which a director has interests	(102)	-	-	-	-
Purchases from companies in which a director has interests	440	(68)	-	(68)	-
Purchases from non-controlling interest of a subsidiary	673	(75)	-	(75)	-
Royalty fee payable to non-controlling interest of a subsidiary	69	-	-	-	-
Rental income receivable from a company in which a director of a subsidiary has interests	(12)	-	-	-	-
2018					
Management fees payable to a company in which a director of a subsidiary has interests	31	-	-	-	-
Sales to a company in which a person related to a director has interests	(141)	11	-	11	-
Sales to a company in which a director has interests	(124)	23	-	23	-
Purchases from companies in which a director has interests	409	(49)	-	(49)	-
Purchases from non-controlling interest of a subsidiary	245	(1)	-	(1)	-
Royalty fee payable to non-controlling interest of a subsidiary	45	(1)	-	(1)	-
Rental expense payable to a company in which a director has interests	37	-	-	-	-
Rental income receivable from a company in which a director of a subsidiary has interests	(12)	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. RELATED PARTIES (CONT'D)

34.2 Related party transactions (Cont'd)

Company	Amount transacted for the year RM'000	Gross balance Debit/(Credit) outstanding at year end RM'000	Allowance for impairment loss at year end RM'000	Net balance Debit/(Credit) outstanding at year end RM'000	Impairment loss recognised for the year RM'000
2019					
Management fees received/receivable from subsidiaries	(2,105)	1,068	-	1,068	-
Waiver of amount due to subsidiaries	(1,058)	-	-	-	-
2018					
Management fees received/receivable from subsidiaries	(1,675)	915	-	915	-
Rental payable to a subsidiary	31	-	-	-	-

All of the outstanding balances are expected to be settled in cash by the related parties.

35. SUBSEQUENT EVENTS

On 26 August 2019, the Company announced that NuEnergy received a notice of termination from the Indonesia Minister of Energy and Mineral Resources through the SKK Migas in respect of the Bontang Bengalon PSC. The Bontang Bengalon PSC was terminated on the grounds of non-discovery of coal bed methane at the end of the 6th contract year and NuEnergy was required to relinquish the remaining contract area and to fulfil its remaining obligation under the PSC. NuEnergy has responded to the notice and has appealed to the Government of Indonesia. At the date of signing these financial statements, the appeal is on-going.

36. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group and the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group has applied MFRS 15 using the cumulative effect approach, i.e. by recognising the cumulative effect of initially applying MFRS 15 as an adjustment to the opening balance of equity at 1 July 2018. Therefore, the comparative information has not been restated and continues to be reported under MFRS 118. The Group and the Company generally applied the requirements of MFRS 9 retrospectively with transitional exemptions as allowed by the standard. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives.

36.1 Impacts on financial statements

The following tables summarise the impacts arising from the adoption of MFRS 15 on the Group's financial statements. The adoption of MFRS 15 does not have any impact on the Company's financial statements. There is no impact on the Group's and the Company's financial statements arising from the adoption of MFRS 9 apart from certain changes in classification as disclosed in Note 36.2(b).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

36. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

36.1 Impacts on financial statements (Cont'd)

a. Statement of financial position

Group	As previously reported Debit/(Credit) RM'000	MFRS 15 adjustments Debit/(Credit) RM'000	Impact of adoption MFRS 15 at 1 July 2018 Debit/(Credit) RM'000
1 July 2018			
Current assets			
Inventories	26,486	(1,219)	25,267
Contract assets	-	10,137	10,137
Trade and other receivables	41,773	(5,875)	35,898
Non-current liabilities			
Deferred tax liabilities	(4,973)	(125)	(5,098)
Equity			
Reserves	397,267	(2,918)	394,349

Group	As reported Debit/(Credit) RM'000	Adjustments Debit/(Credit) RM'000	Balances without adoption of MFRS 15 Debit/(Credit) RM'000
30 June 2019			
Current assets			
Inventories	28,368	1,468	29,836
Contract assets	7,631	(7,631)	-
Trade and other receivables	38,213	4,031	42,244
Non-current liabilities			
Deferred tax liabilities	(5,206)	151	(5,055)
Equity			
Reserves	410,330	1,981	412,311

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

36. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

36.1 Impacts on financial statements (Cont'd)

b. Statement of profit or loss and other comprehensive income

Group	As reported (Debit)/Credit RM'000	Adjustments (Debit)/Credit RM'000	Balances without adoption of MFRS 15 (Debit)/Credit RM'000
For the year ended 30 June 2019			
Revenue	217,298	150	217,448
Cost of sales	(172,819)	(127)	(172,946)
Other operating income	1,559	888	2,447
Tax expense	(2,900)	26	(2,874)

c. Statement of cash flows

Group	As reported Inflow/ (Outflow) RM'000	Adjustments Inflow/ (Outflow) RM'000	Balances without adoption of MFRS 15 Inflow/ (Outflow) RM'000
For the year ended 30 June 2019			
Loss before tax	(41,002)	911	(40,091)
Change in inventories	(2,566)	(249)	(2,815)
Change in contract assets	2,506	(2,506)	-
Change in trade and other receivables	(3,170)	1,844	(1,326)

36.2 Accounting for financial instruments

a. Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

i) The Group and the Company have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2018 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement*.

ii) The determination of the business model within which a financial asset is held has been assessed based on the facts and circumstances that existed at the date of initial application.

iii) Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

36. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

36.2 Accounting for financial instruments (Cont'd)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

(i) Reclassification from loans and receivables to amortised cost

Trade and other receivables and cash and cash equivalents that were classified as loans and receivables under MFRS 139 are now reclassified as amortised cost. No transitioning effects were identified.

(ii) Reclassification from AFS to FVTPL

Investment in shares is an equity investment not held for strategic purposes. As a result, the carrying amount of RM3,534,000 was reclassified from available-for-sale to fair value through profit or loss. The fair value loss was not material to be recognised.

36.3 Accounting for revenue

The following are the comparisons in revenue recognition from the adoption of MFRS 15:

<table>
<tr><th>Type of revenue</th><th>Previous year's revenue recognition</th><th>Current year's revenue recognition</th></tr>
<tr><td>Automotive parts and accessories</td><td rowspan="5">Revenue from the sale of goods in the course of ordinary activities was measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue was recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods could be estimated reliably, there was no continuing management involvement with the goods, and the amount of revenue could be measured reliably. If it was probable that discounts would be granted and the amount could be measured reliably, then the discount was recognised as a reduction of revenue as the sales were recognised.</td><td>Revenue is recognised when the goods are delivered and accepted by the customers at their premises.</td></tr>
<tr><td>Fabrication of tooling and moulds to produce automotive parts and accessories</td><td>Revenue is recognised over time as costs are incurred. The customer has control over the tooling and moulds as the tooling and moulds are created and these tooling and moulds would have no alternative use and the Group has rights to payment for work performed.</td></tr>
<tr><td>Precision stamping and tooling</td><td>Revenue is recognised when the goods are delivered to the customers and all criteria for acceptance have been satisfied.</td></tr>
<tr><td>Precision machining and automation systems</td><td>Certain revenue is recognised over time as costs are incurred. These contracts would meet the no alternative use and the Group has rights to payment for work performed. The remaining revenue is recognised when goods are delivered to the customers and all criteria for acceptance have been satisfied.</td></tr>
<tr><td>Fresh fruit bunches</td><td>Revenue is recognised at a point in time when the fresh fruit bunches are delivered and accepted by the customer at its premise or recognised upon the control of the goods having transferred to the customer.</td></tr>
</table>

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 58 to 161 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and of their financial performance and cash flows for the financial year then ended.

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

....

Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP
Director

....

Ooi Boon Pin
Director

Kuala Lumpur,

Date: 10 October 2019

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Chen Heng Mun**, the Director primarily responsible for the financial management of Globaltec Formation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 58 to 161 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Chen Heng Mun, MIA CA10264, at Kuala Lumpur in the Federal Territory on 10 October 2019.

....

Chen Heng Mun

Before me:

Samugam Vassoo
Commissioner for Oaths (W632)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GLOBALTEC FORMATION BERHAD

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Globaltec Formation Berhad, which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 161.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GLOBALTEC FORMATION BERHAD (CONT'D)

Key Audit Matters (Cont'd)

<table>
<tr><td colspan="2">Revenue recognition
Refer to Note 2(q) - Significant accounting policy: Revenue and other income and Note 21 - Revenue.</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The Group recorded revenue from continuing operations of RM217,298,000 for the current financial year. Revenue of the Group is derived from manufacturing and sale of automotive components, precision machining and stamping and sale of fresh fruit bunches from oil palm.

The Group has adopted MFRS 15, Revenue from Contracts with Customers which is effective for annual periods beginning on or after 1 January 2018, using the cumulative effect approach by recognising the cumulative effect of initially applying MFRS 15 as an adjustment to the opening balance of equity at 1 July 2018.

The determination of the appropriate accounting policies requires significant judgement of management and complex and multiple revenue streams could lead to inappropriate assessment of performance obligations and recognition of revenue under MFRS 15.

We have identified revenue recognition as a key audit matter because revenue is a key performance indicator of the Group and, therefore, is subject to an inherent risk of being recognised when the conditions for revenue recognition are not yet met and because of the risk of manipulation of revenue due to internal incentives or external pressures over financial performance.</td><td>Our audit procedures included, among others:

• We evaluated the appropriateness of the accounting policies applied by management based on the requirements of MFRS 15, our business understanding, industry practice and the contracts entered into between the Group and its customers.
• We reviewed the adjustments passed by the Group in their initial adoption of MFRS 15 as disclosed in Note 36.
• We reviewed the appropriateness and sufficiency of the corresponding disclosures made in the financial statements.
• We evaluated the design and implementation and tested the operating effectiveness of selected controls over the process of revenue recognition.
• We checked samples of sales transactions recorded throughout the financial year to circularisations replied by customers, invoices and delivery documents that substantiated the transfer of control over a product or service to customer.
• We checked samples of sales transactions that were recorded before and after the financial year end date of 30 June 2019 to invoices and delivery documents to assess whether the revenue was recognised in the appropriate financial periods.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GLOBALTEC FORMATION BERHAD (CONT'D)

Key Audit Matters (Cont'd)

Impairment of exploration and evaluation expenditure
Refer to Note 2(p) - Significant accounting policy: Exploration and evaluation assets and Note 5 - Exploration and evaluation assets.

The key audit matter	How the matter was addressed in our audit
As at 30 June 2019, the Group had incurred and recognised exploration and evaluation expenditure of RM99,339,000 in relation to several coal bed methane production sharing contracts ("PSC") in Indonesia. In accordance with the relevant accounting standards, certain PSCs were subjected to impairment assessment due to facts and circumstances suggest that the carrying amount may exceed their recoverable amount. We have identified the impairment assessment on the exploration and evaluation assets as a key audit matter as it involves significant judgement and there are inherent uncertainties on key assumptions used, including whether the activities have reached a stage which permits a reasonable assessment on the existence of methane gas. In addition to the above, during the financial year, the Group recorded an impairment loss of RM20,778,000 for the carrying value of exploration and evaluation assets for two areas of interest. This is a result of the uncertainty of the extension approval regarding the Muara Enim PSC and the rejection of the extension approval of the Bontang Bengalon PSC by the Government of Indonesia.	Our audit procedures included, among others: • We obtained and assessed the validity of the relevant permits in the areas of interest, the financing arrangement and the future plans for these methane gas exploration and evaluation projects and assessed the relevant supporting documents for impairment indicators of these assets. • We assessed the impact of the uncertain rights to tenure over particular areas of interest to the planned continued exploration and evaluation activities. We analysed correspondence with regulatory authorities to understand the status of rights to tenure, and compared this to the proposed level and timing of activity prior to and after the expiration of exploration licenses for those tenements. We used this knowledge to assess the management's decision to continue to carry exploration and evaluation on these areas, and the consistency of the decision for commercial continuation of activities.

Impairment of exploration and evaluation expenditure
Refer to Note 2(a)(i) - Significant accounting policy: Basis of consolidation - Subsidiaries and Note 7 - Investments in subsidiaries.

The key audit matter	How the matter was addressed in our audit
As at 30 June 2019, the carrying amount of investments in subsidiaries stood at RM251,250,000. We focused on impairment assessment of investments in subsidiaries as the impairment testing relies on value-in-use estimates based on estimated future cash flows. We have identified the impairment assessment on the investments in subsidiaries as a key audit matter as it involves management judgement and is based on assumptions that are affected by future market and economic conditions.	Our audit procedures included, among others: • We tested the basis of preparing the cash flows projections taking into account the historical evidence supporting underlying assumptions. We also assessed the appropriateness of the other key assumptions, such as the weighted-average cost of capital discount rates, as well as the sales and long-term growth rates, by comparing against internal information and external economic and market data. • We also performed the sensitivity analysis on the key inputs used in preparing the cash flows projections, to understand the impact that reasonable alternative assumptions would have on the overall carrying amount.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GLOBALTEC FORMATION BERHAD (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GLOBALTEC FORMATION BERHAD (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 7 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Tai Yoon Foo
Approval Number: 02948/05/2020 J
Chartered Accountant

Petaling Jaya,

Date: 10 October 2019

OTHER INFORMATION

REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

UTILISATION OF PROCEEDS FROM PROPOSALS

There were no proposals for the raising of funds during the financial year.

MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving Directors and substantial shareholders either subsisting at the end of the financial year ended 30 June 2019 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS

There are no recurrent related party transactions that need to be disclosed in accordance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the listing requirements of Bursa Malaysia Securities Berhad.

STATISTICS ON SHAREHOLDINGS
AS AT 30 SEPTEMBER 2019

Issued and Fully Paid-up Shares	:	RM643,646,718
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
1 – 99	1,273	11.465	32,043	0.012
100 – 1,000	2,778	25.020	1,772,402	0.659
1,001 – 10,000	5,465	49.221	21,736,998	8.078
10,001 – 100,000	1,421	12.798	40,773,974	15.153
100,001 – 13,454,343 *	162	1.459	131,122,272	48.728
13,454,344 and above **	4	0.037	73,649,206	27.370
Total	**11,103**	**100.000**	**269,086,895**	**100.000**

* Less than 5% of issued shares
** 5% and above of issued shares

LIST OF TOP 30 SHAREHOLDERS

No.	Name	Shares Held	% Of Issued Capital
1.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Tian Chuan*	20,075,481	7.460
2.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Tian Chuan*	19,537,867	7.260
3.	Kong Kok Keong	19,135,858	7.111
4.	Darulnas (M) Sdn. Bhd.	14,900,000	5.537
5.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Juddy Chu Yen Tien*	9,078,745	3.373
6.	Cartaban Nominees (Asing) Sdn Bhd *Exempt An For Standard Chartered Bank Singapore (EFGBHK- Asing)*	8,299,633	3.084
7.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Tian Chuan*	8,233,633	3.059
8.	Kong Kok Keong	7,502,083	2.787
9.	Kong Kok Keong	5,727,741	2.128
10.	Loke Mei Ping	4,497,650	1.671

STATISTICS ON SHAREHOLDINGS

AS AT 30 SEPTEMBER 2019 (CONT'D)

LIST OF TOP 30 SHAREHOLDERS (Cont'd)

No.	Name	Shares Held	% Of Issued Capital
11.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ch'ng Kooi Hean*	4,407,800	1.638
12.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Agnes Chu Yen Ling*	4,024,325	1.495
13.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Sze Yew*	3,747,650	1.392
14.	Citigroup Nominees (Asing) Sdn Bhd *Exempt an for Bank of Singapore Limited (Foreign)*	3,718,445	1.381
15.	Ooi Boon Pin	3,377,730	1.255
16.	Malacca Equity Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Juddy Chu Yen Tien*	3,348,006	1.244
17.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB For Yong Nam Yun (PB)*	3,150,000	1.170
18.	Malacca Equity Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Tian Chuan*	2,728,846	1.014
19.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Tian Chuan (MQ0008)*	2,725,043	1.012
20.	Hiew Yon Fo	2,625,000	0.975
21.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Cheong Yen Yoon*	2,474,000	0.919
22.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Liaw Kit Siong*	2,129,200	0.791
23.	CGS-CIMB Nominees (Asing) Sdn Bhd *Exempt An For CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)*	1,720,750	0.639
24.	Lai Yin Thai	1,582,500	0.588
25.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ang Hung Teck (8083175)*	1,500,000	0.557
26.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank For Yong Nam Yun (PBCL-0G0030)*	1,500,000	0.557
27.	Leong Kok Peng	1,447,500	0.537
28.	Yong Nam Yun	1,276,039	0.474
29.	Te Kim Leng	1,250,000	0.464
30.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Harry Lee Vui Khiun*	1,200,000	0.445
	Total	**166,921,525**	**62.017**

STATISTICS ON SHAREHOLDINGS

AS AT 30 SEPTEMBER 2019 (CONT'D)

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Name	No. of Shares Direct	%	No. of Shares Indirect	%
1.	Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, *JP*	53,300,870	19.81	-	-
2.	Kong Kok Keong	32,365,682	12.03	14,900,000	5.54 [1]
3.	Darulnas (M) Sdn. Bhd.	14,900,000	5.54	-	-

Note:

[1] *Deemed interested by virtue of his shareholdings in Darulnas (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

	Name	No. of Shares Direct	%	No. of Shares Indirect	%
1.	Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, *JP*	53,300,870	19.81	-	-
2.	Kong Kok Keong	32,365,682	12.03	19,397,650	7.21 [1]
3	Ooi Boon Pin	3,899,279	1.45	989,290	0.37 [2]
4	Chen Heng Mun	93,109	0.03	100,235	0.04 [2]
5	Ash'ari Bin Ayub	-	-	-	-
6	Wong Zee Shin	966	*	-	-
7	Mej Jen Dato' Mohktar Bin Perman (RTD)	-	-	-	-
8	Yong Nam Yun	5,926,039	2.20	-	-

Notes:

[1] *Deemed interested by virtue of his shareholdings in Darulnas (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and spouse's interest pursuant to Section 59(11) of the Companies Act 2016.*

[2] *Deemed interested by virtue of his spouse's interest pursuant to Section 59(11) of the Companies Act 2016.*

* *Negligible.*

STATISTICS ON WARRANTHOLDINGS

AS AT 30 SEPTEMBER 2019

ANALYSIS BY SIZE OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Holders	%	No. of Warrants	%
1 – 99	1,776	16.163	66,935	0.099
100 – 1,000	5,578	50.765	2,342,514	3.482
1,001 – 10,000	3,182	28.959	8,808,364	13.094
10,001 – 100,000	384	3.495	9,210,069	13.691
100,001 – 3,363,585 *	64	0.582	28,013,592	41.643
3,363,586 and above **	4	0.036	18,830,249	27.991
Total	**10,988**	**100.000**	**67,271,723**	**100.000**

* Less than 5% of issued warrants
** 5% and above of issued warrants

LIST OF TOP 30 WARRANTHOLDERS

No.	Name	Warrants Held	% Of Issued Warrants
1.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Tian Chuan*	5,821,966	8.654
2.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Tian Chuan*	4,893,869	7.274
3.	Kong Kok Keong	4,389,414	6.524
4.	Darulnas (M) Sdn. Bhd.	3,725,000	5.537
5.	Cartaban Nominees (Asing) Sdn Bhd *Exempt an for Standard Chartered Bank Singapore (EFGBHK- Asing)*	2,259,708	3.359
6.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Juddy Chu Yen Tien*	2,109,686	3.136
7.	Kong Kok Keong	1,875,520	2.787
8.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Tian Chuan*	1,436,279	2.135
9	Kong Kok Keong	1,431,935	2.128
10.	Wendy Poh Ai Lin	1,395,000	2.073

STATISTICS ON WARRANTHOLDINGS
AS AT 30 SEPTEMBER 2019 (CONT'D)

LIST OF TOP 30 WARRANTHOLDERS (Cont'd)

No.	Name	Warrants Held	% Of Issued Warrants
11.	Loke Mei Ping	1,124,412	1.671
12.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Alexander Gabriel (E-SS2)*	999,900	1.486
13.	Citigroup Nominees (Asing) Sdn Bhd *Exempt an for Bank of Singapore Limited (Foreign)*	929,611	1.381
14.	Malacca Equity Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Juddy Chu Yen Tien*	855,751	1.272
15.	Ooi Boon Pin	844,432	1.255
16.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB For Yong Nam Yun (PB)*	787,500	1.170
17.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Puneet Kumar A/L Mohan Lal*	690,000	1.025
18.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Tian Chuan (MQ0008)*	681,260	1.012
19.	Hiew Yon Fo	656,250	0.975
20.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Liaw Kit Siong*	600,800	0.893
21.	Malacca Equity Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Tian Chuan*	494,711	0.735
22.	CGS-CIMB Nominees (Asing) Sdn Bhd *Exempt an for Cgs-Cimb Securities (Singapore) Pte. Ltd. (Retail Clients)*	376,137	0.559
23.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ang Hung Teck (8083175)*	375,000	0.557
24.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Yong Nam Yun (PBCL-0G0030)*	375,000	0.557
25.	Raj Kumar A/L A M Narayanan	323,050	0.480
26.	Yong Nam Yun	319,009	0.474
27.	Te Kim Leng	312,500	0.464
28.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Harry Lee Vui Khiun*	300,000	0.445
29.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Liaw Kit Siong (MQ0012)*	286,332	0.425
30.	Masliah Binti Ejan	270,750	0.402
	Total	**40,940,782**	**60.845**

STATISTICS ON WARRANTHOLDINGS

AS AT 30 SEPTEMBER 2019 (Cont'd)

DIRECTORS' WARRANTHOLDINGS AS PER THE REGISTER OF DIRECTORS' WARRANTHOLDINGS

	Name	No. of Warrants Direct	%	No. of Warrants Indirect	%
1.	Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP	13,328,085	19.81	-	-
2.	Kong Kok Keong	7,696,869	11.44	4,849,412	7.21 (1)
3.	Ooi Boon Pin	974,819	1.45	247,322	0.37 (2)
4.	Chen Heng Mun	23,277	0.03	25,028	0.04 (2)
5.	Ash'ari Bin Ayub	-	-	-	-
6.	Wong Zee Shin	241	*	-	-
7.	Mej Jen Dato' Mohktar Bin Perman (RTD)	-	-	-	-
8.	Yong Nam Yun	1,481,509	2.20	-	-

Notes:

(1) *Deemed interested by virtue of his shareholdings in Darulnas (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and spouse's interest pursuant to Section 59(11) of the Companies Act 2016.*

(2) *Deemed interested by virtue of his spouse's interest pursuant to Section 59(11) of the Companies Act 2016.*

* *Negligible.*

PROPERTIES OF THE GROUP

AS AT 30 JUNE 2019

Land and Buildings

No	Location/Address	Description/ Existing use	Land area (sq. ft.)	Built-up area (sq. ft.)	Age of building	Tenure/ Date of expiry of lease	Net book value as at 30 June 2019 RM'000	Latest date of revaluation*/ Date of purchase
1.	Plot 78 Lintang Bayan Lepas 7 Phase IV Kawasan Perindustrian Bayan Lepas 11900 Pulau Pinang Malaysia	Office building annexed to a factory building/ Manufacture of tooling products, automation systems and precision machining	66,000	51,000	21 years	Lease over 60 years/ 10.7.2057	4,778	2 May 2012*
2.	Lot 27217, Jalan Haji Abdul Manan Batu 5 ½, Off Jalan Meru 41050 Klang Selangor Darul Ehsan Malaysia	Single storey detached factory with a double storey office/ Manufacturing of automotive components	53,604	37,502	24 years	Freehold	5,305	25 May 2012
3.	Kawasan Industri KIIC Lot C-7C, Jln. Tol Jakarta-Cikampek KM 47 Teluk Jambe Karawang 41361 Jawa Barat Indonesia	2-storey office with single storey detached factory building/ Manufacturing and fabrication of tools and dies and precision stamping parts for the electronicand automotive industries	79,040	46,228	22 years	Lease over 30 years/ 24.9.2021	1,576	25 May 2012
4.	Kawasan Industri KIIC Lot E-4B, Jln. Tol Jakarta-Cikampek KM47 Teluk Jambe Karawang, 41361 Jawa Barat Indonesia	2-storey office single and storey detached factory/ Manufacturing and fabrication of tools and dies and precision stamping parts for the electronic and automotive industries	107,639	44,627	7 years	Lease over 30 years/ 24.9.2025	5,638	25 May 2012

PROPERTIES OF THE GROUP

AS AT 30 JUNE 2019 (CONT'D)

Land and Buildings (Cont'd)

No	Location/Address	Description/ Existing use	Land area (sq. ft.)	Built-up area (sq. ft.)	Age of building	Tenure/ Date of expiry of lease	Net book value as at 30 June 2019 RM'000	Latest date of revaluation*/ Date of purchase
5.	Lot 20166, Lorong Perindustrian Bukit Minyak 20, Kawasan products, Perindustrian Bukit Minyak, Simpang Ampat, Pulau Pinang, Malaysia	Office building annexed to a factory building/ Manufacture of automation tooling systems and precision machining	174,719	56,000	< 1 year	Lease over 60 years/ 25.1.2072	12,480	October 2011
6.	Lot 6, Jalan 6/4 Kawasan Perindustrian Seri Kembangan 43300 Seri Kembangan Petaling Jaya, Selangor, Malaysia	Single storey detached factory with a double storey office rented to a third party for metal stamping operations	48,319	29,881	30 years	Lease over 99 years/ 10.1.2089	5,592	25 May 2012

Note:

* Treated as deemed costs in the audited financial statements of the Group, in accordance to the transitional provisions of MFRS 1, *First Time Adoption of Malaysian Financial Reporting Standards.*

PROPERTIES OF THE GROUP

AS AT 30 JUNE 2019 (CONT'D)

Plantation Estates

No	Location/ Address	Title type	Crop planted	Land area Hectares ("ha.")	Tenure/ Date of expiry of lease	Net book value as at 30 June 2019 RM'000	Date of purchase
1.	Division 1 Bukit Garam/ Sg. Lokan Off KM76.5 Sandakan-Lahad Datu Highway Kinabatangan Sabah, Malaysia	Country Lease ("**CL**") and Native Title ("**NT**")	Oil palm	(i) CL: 142.883	a) 17.293 ha. Leasehold/ 31.12.2081 b) 59.570 ha. Leasehold/ 31.12.2082 c) 5.830 ha. Leasehold/ 31.12.2082 d) 36.200 ha. Leasehold/ 31.12.2096 e) 23.990 ha. Leasehold/ 31.12.2100	9,496	25 May 2012
				(ii) NT: 40.510	Perpetual/ 31.5.2039		
	Division 2 Bukit Garam/ Sg.Lokan, Off KM 76.5 Sandakan-Lahad Datu Highway Kinabatangan, Sabah, Malaysia	NT, Provisional List ("**PL**") and Field Register ("**FR**")	Oil palm	(i) NT: 225.219	a) 205.829 ha. Perpetual/ 12.12.2098 b) 19.390 ha. Perpetual / 31.5.2039	12,466	25 May 2012
				(ii) FR: 4.828	Perpetual/ 31.5.2039		
				(iii) PL : 9.801	Leasehold/ 31.12.2079		
	Division 3, Bukit Garam/ Sg.Lokan, Off KM 76.5 Sandakan-Lahad Datu Highway Kinabatangan, Sabah, Malaysia	CL and NT	Oil palm	(i) CL: 24.270	Leasehold/ 31.12.2096	22,824	25 May 2012
				(ii) NT: 364.534	a) 361.271 ha. Perpetual/ 31.5.2039 b) 3.263 ha. Perpetual/ 13.7.2040		

PROPERTIES OF THE GROUP

AS AT 30 JUNE 2019 (CONT'D)

Plantation Estates (Cont'd)

No	Location/ Address	Title type	Crop planted	Land area Hectares ("ha.")	Tenure/ Date of expiry of lease	Net book value as at 30 June 2019 RM'000	Date of purchase
2.	Bukit Garam/ Sg. Lokan Off KM76.5 Sandakan - Lahad Datu Highway Kinabatangan Sabah, Malaysia	NT	Oil palm	NT: 104.205	a) 97.185 ha. Perpetual/ 7.12.2040 b) 7.020 ha. Perpetual/ 18.12.2038	5,037	25 May 2012

NOTICE OF THE EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of the Company will be held at Saujana Ballroom, Block A, Ground Floor, The Saujana Hotel, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor, Malaysia on 25 November 2019 at 2.30 p.m. to transact the following businesses: -

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of Directors and Auditors thereon. *(Please refer to Note 1)*

2. To approve the payment of Directors' fees up to an amount of RM168,000 from 26 November 2019 until the next annual general meeting of the Company. *Ordinary Resolution 1*

3. To approve the payment of Directors' benefits (excluding Directors' fees) to Non-Executive Directors up to an amount of RM12,000 from 26 November 2019 until the next annual general meeting of the Company. *Ordinary Resolution 2*

4. To re-elect the following Directors who retire in accordance with the Company's Constitution:

   (a) Mr. Kong Kok Keong *Ordinary Resolution 3*
   (b) Mej Jen Dato' Mokhtar Bin Perman (Rtd) *Ordinary Resolution 4*

5. To appoint KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *Ordinary Resolution 5*

6. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016**

   As Special Business to consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications: -

   "THAT subject always to the Companies Act 2016 ("Act") and the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 75 of the Act, to allot shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being." *Ordinary Resolution 6*

7. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

SEOW FEI SAN
LAW MEE POO
Secretaries

Petaling Jaya

25 October 2019

NOTICE OF THE EIGHTH ANNUAL GENERAL MEETING
(CONT'D)

NOTES TO THE NOTICE OF THE EIGHTH ANNUAL GENERAL MEETING:

1. The members' approval on the Audited Financial Statements is not required pursuant to the provision of Section 340(1) of the Companies Act 2016 and hence, the matter will not be put for voting.

2. Only depositors whose names appear in the Record of Depositors as at 18 November 2019 shall be regarded as members and entitled to attend, speak and vote at the Meeting.

3. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his/her behalf. A proxy may but need not be a member of the Company.

4. A member may appoint up to two (2) proxies to attend the Meeting. Where a member appoints two (2) proxies, he/she shall specify the proportions of his/her holdings to be represented by each proxy.

5. Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

7. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised or in some other manner approved by its directors.

8. The instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed or certified copy must be deposited at the Company's Share Registrar's office at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

9. Explanatory Notes:

   Ordinary Resolutions 1 and 2
   Proposed Payment of Directors' Fees and Directors' Benefits to Non-Executive Directors

   Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board of Directors ("Board") agreed that the members' approval shall be sought at the Eighth Annual General Meeting ("AGM") on the Directors' fees and benefits in two (2) separate resolutions as follows: -

   - Ordinary Resolution 1 on payment of Directors' fees from 26 November 2019 until the next AGM; and

   - Ordinary Resolution 2 on payment of Directors' benefits (excluding Directors' fees) from 26 November 2019 until the next AGM.

   The total amount of Directors' fees payable to the Non-Executive Directors by the Company from 26 November 2019 until the next AGM tabled for the members' approval is up to RM168,000, calculated with the assumption that there is no adjustment to the Directors' fees and no change in the Board size during the aforesaid period.

   The Directors' benefits payable to the Non-Executive Directors are essentially the meeting allowance for attendance of meetings of the Board, Board Committees and general meetings. The Directors' benefits from 26 November 2019 until the conclusion of next AGM is estimated not to exceed RM12,000.

NOTICE OF THE EIGHTH ANNUAL GENERAL MEETING
(CONT'D)

NOTES TO THE NOTICE OF THE EIGHTH ANNUAL GENERAL MEETING (CONT'D):

9. Explanatory Notes: (Cont'd)

The Board will seek members' approval at the next AGM in the event the amount of Directors' fees and benefits is insufficient due to an increase in Board size and/or number of meetings.

Ordinary Resolution 6
Authority to Allot Shares Pursuant to Section 75 of the Companies Act 2016

The Proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to allot not more than 10% of the total number of issued shares of the Company subject to approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company. This authorisation will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company.

As at the date of printing of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the Seventh AGM held on 29 November 2018 and which will lapse at the conclusion of the Eighth AGM.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisitions, repayment of bank borrowings, etc.

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億利達控股有限公司
Globaltec Formation Berhad
(953031-A)

FORM OF PROXY

CDS Account No.	
Number of Shares Held	

I/We ____(BLOCK LETTERS)

NRIC No. /Company No. ____ of

____

being (a) member(s) of **GLOBALTEC FORMATION BERHAD (953031-A)** hereby appoint the following person(s):

Name & NRIC No. of proxy	No. of shares to be represented by proxy
1. ______________________	______________________
2. ______________________	______________________

or failing him/her,

1. ______________________	______________________
2. ______________________	______________________

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Eighth Annual General Meeting of the Company to be held at Saujana Ballroom, Block A, Ground Floor, The Saujana Hotel, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor, Malaysia on 25 November 2019 at 2.30 p.m and at any adjournment thereof and to vote as indicated below:-

RESOLUTIONS	**FOR**	**AGAINST**
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		

Please indicate with an “X” in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this __________ day of __________, 2019

____
Signature/Seal of Member

NOTES:

1. *The members' approval on the Audited Financial Statements is not required pursuant to the provision of Section 340(1) of the Companies Act 2016 and hence, the matter will not be put for voting.*

2. *Only depositors whose names appear in the Record of Depositors as at 18 November 2019 shall be regarded as members and entitled to attend, speak and vote at the Meeting.*

3. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his/her behalf. A proxy may but need not be a member of the Company.*

4. *A member may appoint up to two (2) proxies to attend the Meeting. Where a member appoints two (2) proxies, he/she shall specify the proportions of his/her holdings to be represented by each proxy.*

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AFFIX STAMP

GLOBALTEC FORMATION BERHAD (953031-A)
c/o Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

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NOTES:

5. *Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

6. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

7. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised or in some other manner approved by its directors.*

8. *The instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed or certified copy must be deposited at the Company's Share Registrar's office at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.*

Fold this flap for sealing

www.globaltec.com.my

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