億利達控股有限公司

Globaltec Formation Berhad

Reg. No. 201101024895 (953031-A)

Strength in *Diversity*

ANNUAL REPORT 2022

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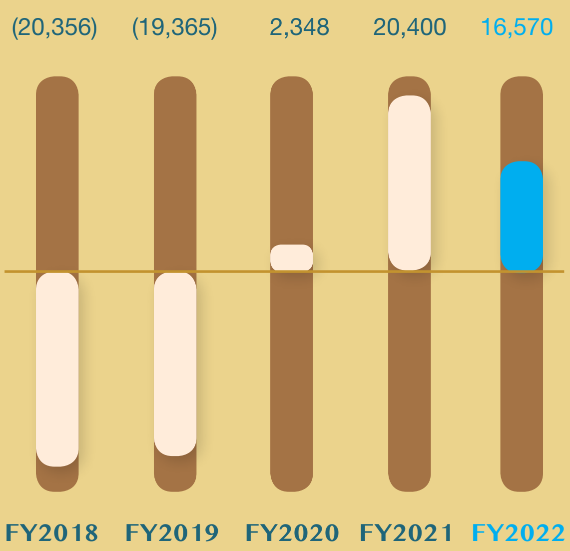
PERFORMANCE HIGHLIGHTS

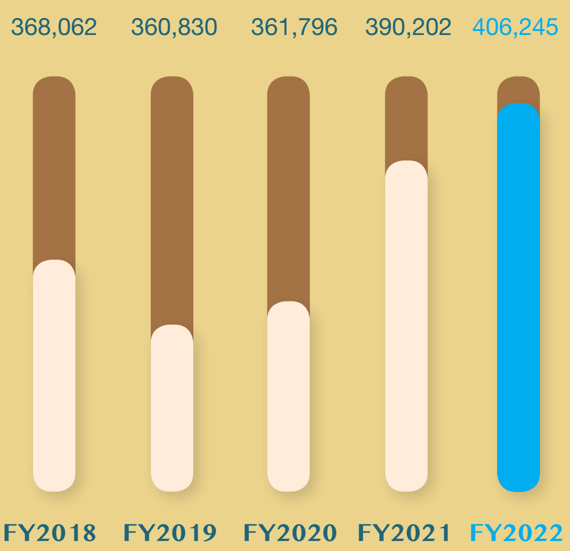
(RM'000 Unless Otherwise Stated)	FY2022	FY2021	FY2020	FY2019	FY2018
Turnover	184,275	161,116	163,823	217,298	194,825 [2]
Profit/(Loss) before taxation	22,452	34,579 [2]	3,828	(41,002)	(36,186) [2]
Profit/(Loss) after taxation	15,869	29,486	(1,105)	(43,902)	(39,105)
Net profit/(loss) attributable to owners of the Company	16,570	20,400	2,348	(19,365)	(20,356)
Earnings/(Loss) per share (sen) – basic	6.157	7.581	0.873	(7.197)	(7.565)
Property, plant and equipment	61,322 [1]	62,901 [1]	73,011 [1]	110,324	102,526
Total assets	406,245	390,202	361,796	360,830	368,062
Shareholders' funds	269,168	255,775	238,570	233,317	246,380
Net tangible assets	242,580	228,759	211,125	205,611	217,999
Total debt	10,475	15,573	20,908	21,512	23,115
Total debt/Shareholders' funds (times)	0.04	0.06	0.09	0.09	0.09
Pre-tax profit/(loss)/Turnover (%)	12.18	21.46 [2]	2.34	(18.87)	(18.57) [2]
Pre-tax profit/(loss)/Share capital (%)	3.49	5.37 [2]	0.59	(6.37)	(6.72) [2]
Pre-tax profit/(loss)/Total assets (%)	5.53	8.86 [2]	1.06	(11.36)	(9.83) [2]
Pre-tax profit/(loss)/Shareholders' funds (%)	8.34	13.52 [2]	1.60	(17.57)	(14.69) [2]
Current ratio (times)	2.02	1.96	1.45	1.57	2.87

Notes:
[1] *After taking into account the effects from MFRS 16, Leases.*
[2] *Excludes discontinued operations.*

Net Profit/(Loss) (RM'000)



Total Assets (RM'000)



PERFORMANCE HIGHLIGHTS (CONT'D)

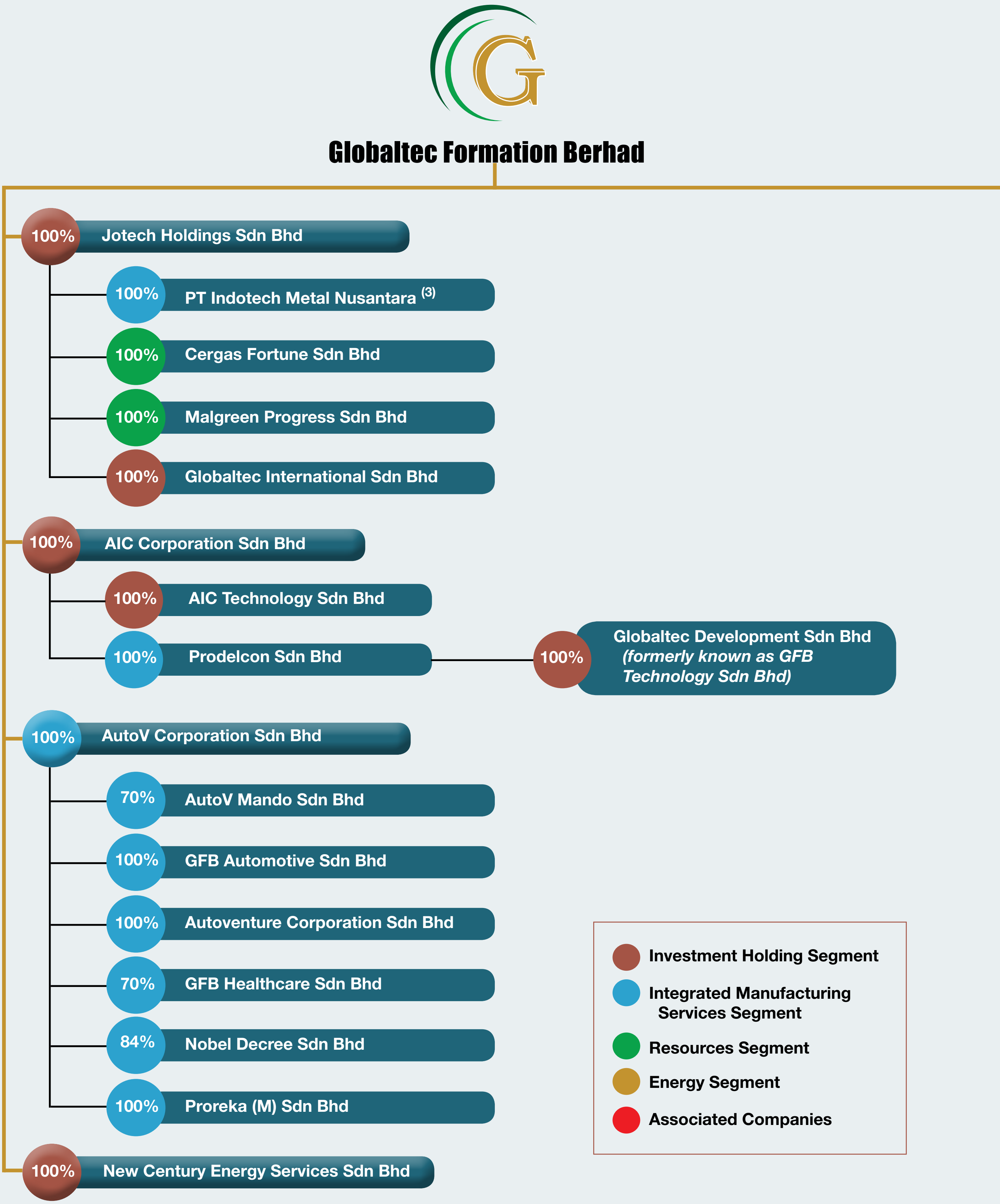
FY2022

Segments/Divisions:	Revenue RM'000	Net Profit/(Loss) attributable to owners of the Company RM'000	Total Assets RM'000
Integrated Manufacturing Services ("IMS"):			
Precision Machining, Stamping & Tooling	117,957	17,666	135,815
Automotive Components Design & Manufacturing	53,781	937	54,148
IMS: Total	**171,738**	**18,603**	**189,963**
Energy	**-**	**(3,127)**	**129,587**
Resources	**12,537**	**2,396**	**46,467**
Investment holding	**-**	**(1,980)**	**75,438**
Consolidation adjustments	-	678	(61,731)
Customer relationships	-	-	4,339
Goodwill arising on consolidation	-	-	22,182
Total	**184,275**	**16,570**	**406,245**

FY2021

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	93,149	8,573	118,598
Automotive Components Design & Manufacturing	60,798	2,752	55,534
IMS: Total	**153,947**	**11,325**	**174,132**
Energy	**-**	**10,792**	**126,083**
Resources	**7,169**	**(1,179)**	**46,513**
Investment holding	**-**	**(2,248)**	**76,076**
Consolidation adjustments	-	690	(59,518)
Continuing Operations	**161,116**	**19,380**	**363,286**
Discontinued operations	-	1,020	-
Customer relationships	-	-	4,734
Goodwill arising on consolidation	-	-	22,182
Total	**161,116**	**20,400**	**390,202**

GROUP STRUCTURE
AS AT 19 OCTOBER 2022



GROUP STRUCTURE (CONT'D)

AS AT 19 OCTOBER 2022

- 100% Globaltec Energy Resources Sdn Bhd
  - 60% New Century Energy Services Limited [1]
  - 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]
        - 100% Dart Energy (Tanjung Enim) Pte Ltd [4]
        - 100% Dart Energy (Muralim) Pte Ltd [4]
        - 100% Dart Energy (Bontang Bengalon) Pte Ltd [4]
- 45% Metta Food & Lifestyle Sdn Bhd
  - 80% Dewan 1958 (M) Sdn Bhd
  - 80% Aliran Andalas Sdn Bhd
  - 80% Gema Naga Sdn Bhd
  - 80% Mountness Sdn Bhd
  - 80% Arena Gayabumi Sdn Bhd

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

Wong Zee Shin
Senior Independent Non-Executive Director

Datuk Yong Teck Shing, JP
Independent Non-Executive Director

Yong Nam Yun
CEO of Automotive Division/Alternate Director to Kong Kok Keong

AUDIT COMMITTEE

Wong Zee Shin (Chairman)
Datuk Yong Teck Shing, JP
Kong Kok Keong

NOMINATING COMMITTEE

Wong Zee Shin (Chairman)
Datuk Yong Teck Shing, JP
Kong Kok Keong

REMUNERATION COMMITTEE

Wong Zee Shin (Chairman)
Datuk Yong Teck Shing, JP
Kong Kok Keong

COMPANY SECRETARIES

Seow Fei San (MAICSA 7009732)
Tan Yoke Khim (MAICSA 7059704)

EXTERNAL AUDITOR

KPMG PLT

INTERNAL AUDITOR

Tricor Axcelasia Sdn Bhd

SOLICITOR

Mah-Kamariyah & Philip Koh

REGISTERED OFFICE

Globaltec Formation Berhad
Unit 23A-12, Menara Q Sentral,
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
Bank Negara Indonesia
CIMB Bank Berhad
Citibank Berhad
Malayan Banking Berhad
National Australia Bank
OCBC Bank NISP
Public Bank Berhad
RHB Bank Berhad

DIRECTORS' PROFILE

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.

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

Group Executive Chairman
PSM, SSAP, SPDK, PGDK, ASDK, JP, PhD(h)

Aged 61 | Male | Malaysian

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'. 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. On 18 June 2021, Tan Sri Datuk Seri Panglima (Dr.) T.C. Goh, JP was appointed as an Independent Director of Red One Holdings Berhad.

DIRECTORS' PROFILE (CONT'D)

Kong Kok Keong

Group Deputy Chairman

Aged 68 | Male | Malaysian

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 Non-Executive Director on 21 August 2014 and later redesignated as Non-Executive Chairman of NuEnergy on 17 December 2014. He was appointed a member of the Remuneration Committee on 17 October 2017 and as a member of the Audit Committee and Nominating Committee on 30 July 2020. He resigned from the Remuneration Committee, Audit Committee and Nominating Committee on 1 December 2020.

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 Precision Machining & Automation Division/Executive Director

Aged 64 | Male | Malaysian

Ooi Boon Pin was appointed to our Board on 28 March 2012 as an Executive Director and he is the CEO of the Precision Machining & Automation Division.

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, member of the special task force for "Kolej Vokasional" education and board member of the "Lembaga Peperiksaan Dan Penganugerahan Sijil/Diploma Politeknik". 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

Aged 52 Male Malaysian

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.

Chen Heng Mun worked for KPMG, an international accounting firm from January 1991 to February 1996 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.

Wong Zee Shin

Independent Non-Executive Director

Aged 47 Male Malaysian

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)

Datuk Yong Teck Shing, JP, MSc

Independent Non-Executive Director

Aged 65 | Male | Malaysian

Datuk Yong Teck Shing ("Datuk Yong") was appointed to our Board on 1 December 2020. Datuk Yong was also appointed as a member of the Remuneration Committee, Audit Committee and Nominating Committee on 1 December 2020.

Datuk Yong is currently an Executive Director of Malaysia-China Business Council. Datuk Yong previously served for 4½ years with the Ministry of Foreign Affairs Malaysia as Head of Mission from 2011 to 2015. Datuk Yong also sits on the Board of the Malaysian Investment Development Authority since December 2020.

Datuk Yong has a Masters in Science (Management) from Asia e University, Malaysia. He was also conferred Honorary Masters in Science (Investor Relations) by University Malaysia Sabah and Honorary Masters in Business Administration by Chungyu University of Film and Arts, Taiwan. Datuk Yong is a Permanent Member of Harvard University Cooperative, Life Member of the Harvard Business School Alumni of Malaysia, a member of International Police Association, holder of European Police Parachutist Badge, awarded by the European Association of Bodies and Public Organisations of Security and of Defense, and an Alumnus of Asia e University.

Datuk Yong has also previously served as a Director of Universiti Malaysia Sabah and as a Director of Hyatt Regency Hotel. Datuk Yong also served 13 years as Commandant of Police Volunteer Reserve, Sabah Contingent.

On 15th July 2016, Datuk Yong was appointed as Justice of the Peace ("JP") by Head of State of Sabah. On 6 October 2022, Datuk Yong was appointed as an Independent Non-Executive Director of SHH Resources Holdings Berhad.

Yong Nam Yun

CEO of AutoV Group/Alternate Director to Kong Kok Keong

Aged 55 | Male | Malaysian

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.

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

Aged 63
Male
Malaysian

KEE YONG WAH

Deputy Executive Chairman of Energy Segment

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.

Aged 48
Male
Malaysian

Woon Wai Thong

Chief Financial Officer

Woon Wai Thong 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

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report for the financial year ("FY") ended 30 June 2022. Thank you for your continued support for the Group.

FY2022 is a challenging year due to movement restrictions, supply chain disruptions as well as weak market outlook as a result of persistent inflationary pressure. Despite all these challenges, the Group has demonstrated resilience and again, recorded a commendable performance for the FY2022.

FINANCIAL AND OPERATIONS REVIEW

The Group's revenue for the current FY increased from RM161.1 million in the prior FY to RM184.3 million, underpinned by the increased in revenue of both the Integrated Manufacturing Services ("IMS") and Resources segments. The Resources segment's revenue increased from RM7.2 million to RM12.5 million as a result of higher oil palm fresh fruit bunches ("FFB") prices and FFB production.

In the previous FY, the Energy segment recognised a gain on disposal of gold royalty of RM11.5 million (Group's effective share) and the Automotive division recognised a gain on disposal of its joint-venture of RM1.0 million (classified as discontinued operations) and a gain on disposal of one of its factory buildings of RM2.2 million. Excluding these exceptional items, the Group recorded a threefold jump in its normalised net profit from RM5.7 million in the previous FY to RM16.6 million for the current FY, due mainly to the increase in the Group's revenue.

PROSPECTS

With growth in the first half of 2022 at 6.9%, the Malaysian economy is projected to expand further for the remainder of the year. While external demand could face headwinds from slower global growth, the Malaysian economy will continue to be supported by firm domestic demand. Growth would also benefit from improving labour market conditions and higher tourist arrivals, as well as continued implementation of multi-year investment projects. However, Malaysia's growth remains susceptible to a weaker-than-expected global growth, high inflation, further escalation of geopolitical conflicts and worsening supply chain disruptions. The corresponding rise in global commodity prices are expected to provide support to commodity exports and some lift to nominal incomes.

Indonesia's, where our Energy Segment and Precision Metal Stamping & Tooling division operate in, economy is expected to grow by 5.0% in 2022 and 5.2% in 2023 as domestic demand continues to recover, according to a report by the Asian Development Bank. The military conflict and geo-political tensions, however, if prolonged, could significantly affect inflation and the fiscal balance of Indonesia.

The Group's IMS segment should continue to grow in the next financial year as automotive sales is expected to be robust and buoyed by strong demand for high technology, 5G and life sciences/medical components. We are however cautiously optimistic on the Resources segment as its performance will depend largely on the market-driven FFB prices. For the Energy segment, we are hopeful that the segment will continue to de-risk its exploration assets and carry on implementing its development activities in order to achieve commercialisation soon.

REVENUE (FY2022)

increased from RM161.1 million in the previous FY

RM184.3 million

NET PROFIT (FY2022)

on a normalised basis, recorded a threefold jump from RM5.7 million in the previous FY

RM16.6 million

EXECUTIVE CHAIRMAN'S STATEMENT (CONT'D)

> "The IMS segment will strive on in building capacity as well as increasing capacity utilisation, drive further cost optimisation and rationalising the business for a more resilient business structure to ensure long term financial sustainability."

FORWARD PLANS AND STRATEGIES

2022 marks 3 years of consecutive net profit for the Group and this was achieved despite challenging conditions brought on by COVID-19 pandemic, elevated inflation, higher interest rate environment, geo-political tensions and military conflicts. Nevertheless, your Board takes cognisance of the ongoing challenges and will not rest on its laurels and will continue to find ways and means to further grow its revenue and net profits.

The IMS segment will strive on in building capacity as well as increasing capacity utilisation, drive further cost optimisation and rationalising the business for a more resilient business structure to ensure long term financial sustainability.

Moving forward, the Energy segment is positioning to fill the transition to a low carbon future with its overall long-term strategy to integrate its South Sumatra production sharing contracts ("PSC"s), comprised of its Tanjung Enim PSC, Muara Enim PSC, Muralim PSC and Muara Enim II PSC and develop a large scale CBM supply, will endeavour to carry out its pre-development activities and quickly monetising its gas reserve for its Tanjung Enim PSC.

Subsequent to FY2022, the Group has embarked on an exciting new venture into the buoyant and growing food and beverage retail industry in Malaysia, through a subscription of a 45% equity interest in Metta Food & Lifestyle Sdn Bhd ("Metta"). Metta operates banquet-themed restaurants and cafés with the branding of De.Wan 1958 by Chef Wan ("De.Wan 1958") and Cafe Chef Wan respectively. We are delighted to partner with Chef Wan, an international celebrity chef, and participate in the growth journey of Chef Wan group of restaurants.

Metta Group has plans to expand its De.Wan 1958 & Cafe Chef Wan outlets from its current 4 outlets to 13 outlets, in Malaysia in the next 2 years and has plans to take advantage of its international branding and market and sell its FMCG food products regionally.

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.

EXECUTIVE CHAIRMAN'S STATEMENT (CONT'D)

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. On this note, the Group has formalised and adopted a Sustainability Framework in August 2022, whose main objectives are amongst others, to ensure the policies and procedures/practices are oriented towards achieving the Group's sustainability objectives and adequate and standardised sustainability policies and procedures are consistently applied throughout the Group.

DIVIDEND

The Company had in November 2021 paid out its inaugural dividend of RM8.1 million in respect of FY2021. In view of the profits made by the Company and the Group in FY2022, and to continue our commitment in delivering returns to our shareholders, your Board is pleased to declare a dividend of 1.8 sen per ordinary share. Moving forward, your Board sincerely hopes and will strive to deliver good returns, in the form of yearly dividends to shareholders.

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.

My earnest gratitude to our valued customers, business partners, bankers and the relevant government authorities for their invaluable support.

I 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.

My sincere thanks to Tuan Haji Ash'ari bin Ayub, for his immeasurable service and invaluable contribution to the Board during his tenure with us as a Senior Independent Director of the Company.

Tan Sri Datuk Seri Panglima (Dr.) TC Goh, JP

Group Executive Chairman
19 October 2022

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY OVERVIEW

In 2022, Malaysia's economy has been projected to grow by between 6.5% to 7.0%. The Malaysian economy registered a stronger growth of 8.9% in the second quarter of 2022 (1Q 2022: 5.0%). While the GDP was lifted to some extent by the low base from the Full Movement Control Order in June 2021, growth in April and May 2022 was particularly robust. Domestic demand continued to strengthen, underpinned by the steady recovery in labour market conditions and ongoing policy support. The higher growth was also reflective of normalising economic activity as the country moved towards endemicity and reopened international borders. For the Malaysian economy, the recovery is expected to continue gaining momentum towards end 2022, this is underpinned by several factors including continued expansion in external demand and further improvement in labour market conditions.

Indonesia is the foreign country in which the Precision Metal Stamping & Tooling ("PST") (a sub-division of the Integrated Manufacturing Services ("IMS") segment) and the Energy segment of the Group operates in. The Indonesian economy briskly rebounded from the downturn in the third quarter ended 2021 with output higher than in pre-pandemic 2019. Growth was broad-based and should strengthen in 2022 as economic activity continues to normalise. Private consumption and investment entered 2022 with a strong momentum. Indonesia's consumer spending and manufacturing activity have been consistently rising due to the pickup in incomes, jobs, and confidence.

GROUP OVERVIEW

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

	Financial year ended 30 June					
	Revenue				Net profit/(loss) attributable to owners of the Company	
Segment/Division	<---------2022--------->		<---------2021--------->		2022	2021
	RM'000	%	RM'000	%	RM'000	RM'000
Precision Machining, Stamping and Tooling ("PMST") ^	117,957	64	93,149	58	17,666	8,573
Automotive	53,781	29	60,798	38	937	2,752
IMS	**171,738**	**93**	**153,947**	**96**	**18,603**	**11,325**
Resources	**12,537**	**7**	**7,169**	**4**	**2,396**	**(1,179)**
Energy	**-**	**-**	**-**	**-**	**(3,127)**	**10,792**
Investment holding	**-**	**-**	**-**	**-**	**(1,980)**	**(2,248)**
Consolidation adjustments	-	-	-	-	678	690
Continuing operations	**184,275**	**100**	**161,116**	**100**	**16,570**	**19,380**
Discontinued operations	-	-	-	-	-	1,020
Total	**184,275**	**100**	**161,116**	**100**	**16,570**	**20,400**

Note:
^ The PMST Division is in the business of precision machining & automation ("PMA") and PST.

The Group's revenue for the current FY increased from RM161.1 million in the prior FY to RM184.3 million, underpinned by the increased in revenue of both the IMS and Resources segments. The IMS segment registered an increase in revenue from RM153.9 million to RM171.7 million year on year, due to an increase of RM24.8 million from the PMST division on the back of higher overall demand. This increase was partially offset by a decrease of RM7.0 million in revenue from the Automotive division to register at RM53.8 million for the current FY, due mainly to a Covid-19 induced full lockdown for the first 2 months of the current FY and another 3 months of severe supply chain disruptions caused by major floods affecting Selangor. The Resources segment's revenue increased from RM7.2 million to RM12.5 million as a result of higher FFB prices and FFB production.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

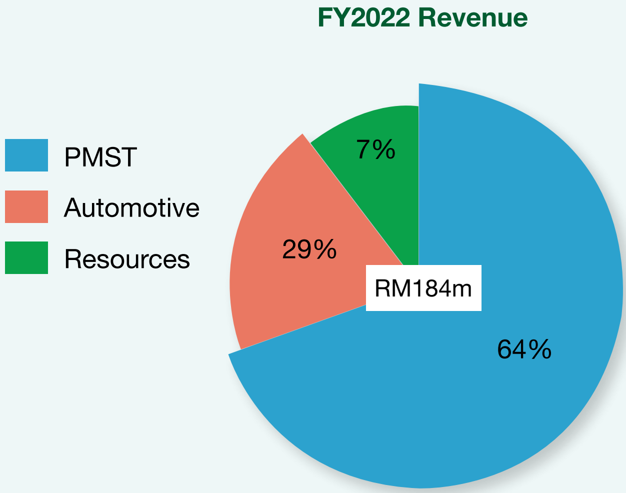
GROUP OVERVIEW (CONT'D)

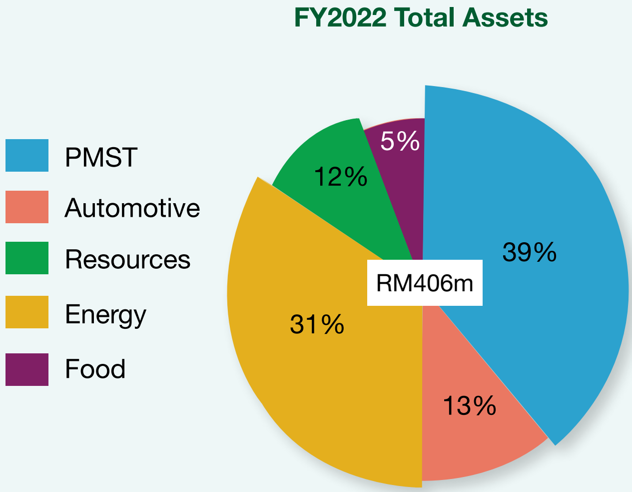
	FY2022 RM'000	FY2021 RM'000
Net profit of the Group attributable to owners of the Company	16,570	20,400
Less:		
- Group's effective share of gain on disposal of gold royalty	-	(11,498)
- Gain on disposal of joint-venture	-	(1,020)
- Gain on disposal of factory building	-	(2,219)
Normalised net profit of the Group	16,570	5,672

In the previous FY, the Energy segment recognised a gain on disposal of gold royalty of RM11.5 million (Group's effective share) and the Automotive division recognised a gain on disposal of its joint-venture of RM1.0 million (classified as discontinued operations) and a gain on disposal of one of its factory buildings of RM2.2 million. Excluding these exceptional items, the Group recorded a threefold jump in its normalised net profit from RM5.7 million in the previous FY to RM16.6 million for the current FY, due mainly to the increase in the Group's revenue.

The IMS segment's normalised net profit attributable to owners of the Company ("net profit") doubled from RM9.1 million to RM18.6 million, contributed mainly by the PMST division which chalked up an increase of RM9.1 million to record a net profit of RM17.7 million for FY2022. This increase was attributable to the PMST division's higher revenue, better product mix and foreign exchange gains. On a normalised basis, despite the decline in its revenue, the Automotive division's normalised net profit increased from RM0.5 million in FY2021 to RM0.9 million for FY2022, due mainly to better cost management. Comparing FY2022 with FY2021, due mainly to the higher revenue, the Resources segment registered a turnaround from a net loss of RM1.2 million to a net profit of RM2.4 million.

The contribution in terms of revenue and assets for the segments for FY2022, are depicted below:





The COVID-19 pandemic is expected to prevail until end 2022 and beyond. Nevertheless, with the high vaccination (and its boosters) rates, some normalcy has gradually return as the world learns to adapt and live with the virus and its variants. This has resulted in less restrictive measures during the FY and that saw the reopening of most economic activities without the risk of further lockdown. And more recently, the re-opening of Malaysia's international borders in April 2022, in line and together with other countries worldwide. However, inflation is expected to be high and elevated throughout 2022, as a result of strong built-up demand and supply disruptions. As such, countries globally are likely to raise interest rates and withdraw policy supports, coupled with the ongoing military conflict in Ukraine, the lockdown in China, ongoing tensions between China, United States of America and Taiwan, this might be a dampener to the ongoing global economic recovery. Taking cognisance of the above, the Group's businesses remain vigilant of its costs and sustainability whilst adhering to all the necessary standard operating procedures to mitigate the impact of the Covid-19 pandemic.

As at 30 June 2022, the Group's cash and cash equivalents increased by RM8.7 million to RM81.7 million (30 June 2021: RM73.0 million). The Group's net operating cash inflow increased to RM20.3 million from RM12.9 million year on year. Comparing as at 30 June 2022 with as at 30 June 2021, the Group's net assets per share has increased from RM0.95 to RM1.00 whilst the gearing continues to decrease from 0.06 times to 0.04 times. Current ratio of the Group improved from 1.96 times to 2.02 times.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

IMS Segment

PMST Division

During the current FY, revenue from the PMST Division jumped 27% from RM93.1 million in FY2021 to RM118.0 million, whereas the net profit doubled from RM8.6 million to RM17.7 million.

During the FY, revenue contribution from the PMA sub-division was RM63.3 million which was 19% or RM10 million higher than the preceding FY. Revenue picked up since the second quarter of the FY, largely due to mass production of new micro package assembly products, strong demand for radio frequency microwave components and life sciences and diagnostics products. PMA sub-division also benefited from favorable foreign currency exchange rate in the export market, due to the strengthening of the United States Dollar against RM. In addition, the PMA sub-division secured new projects from medical related customers during the FY. The PMA sub-division's policy to deliver high quality products and the commitment to smart partnerships and customer satisfaction has elevated it to be a best in-class supplier of precision components and engineering solutions. Superior products, competitive pricing and excellent after-sales service has propelled the PMA sub-division into the forefront of the precision engineering industry.

The PMA sub-division also plans to undertake refurbishment and renovation work to upgrade its existing production facilities with more robotics handling systems so as to remain competitive and continue to offer timely delivery of quality products.

With the re-opening of Indonesia's economy, lifting of movement restrictions, the provision of incentives or discounts on the purchase of cars and the lowering of tax rates to boost private consumption, by the Government of Indonesia during FY2022, revenue from the PST sub-division increased from RM39.9 million to RM54.7 million year on year. In line with this increase, net profit moved up RM1.7 million to register at RM4.2 million for the current FY. This increase was also aided by its prudent cost management in controlling its discretionary spend and capital expenditure, and improve inventory management and cash flows.

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 PST sub-division has constantly implemented 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.

PMA sub-division's new Computerised Numerical Control ("CNC") Turning and CNC Autolathe machines

The PMA sub-division is exposed to high customer concentration risk, currency exchange risk, external pricing pressure, threats of new entrants and escalation of employment cost and raw materials. To minimise these risks, the PMA sub-division will continue to look forward for more business projects, invest in robotic handling system in the production line, improve production efficiency and ongoing upgrades in new high technology machines to maintain competitive advantages with high-quality products. The PMA sub-division has incurred capital expenditure of RM4.9 million during the FY and plans to incur about RM12.9 million in the next FY, all mainly on plant and machinery to expand and meet burgeoning customer demand. Although FY2023 remains challenging with elevated inflation levels and supply constraints caused by military conflicts worldwide, the PMA sub-division is optimistic and confident in meeting its customers' business growth demands. The PMA sub-division is committed to continue to facilitise its second plant and expand its production capacity and capacity utilisation, by investing in new high technology machines in tandem with its customers' increased forecasts.

"During the current FY, revenue from the PMST Division jumped 27% from RM93.1 million in FY2021 to RM118.0 million, whereas the net profit doubled from RM8.6 million to RM17.7 million. During the FY, revenue contribution from the PMA sub-division was RM63.3 million which was 19% or RM10 million higher than the preceding FY."

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Automotive Division

FY2022 for the Automotive division was without doubt another challenging FY. The Malaysian automotive sector was adversely affected by another lockdown, the Full Movement Control Order in the first quarter of FY2022. With the entire automotive ecosystem completely halted for about 2 months, where the manufacturing and sales operations were severely impacted from the vendors that provide parts and components to the car makers and the sales distribution. Despite the Malaysian government extending the sales tax exemption until 30 June 2022 to support the sales of new vehicles, the prolonged lockdown which left the industry struggling with its aftermath of supply chain disruptions and subsequently led to a shortage of chips worldwide and less than optimal domestic manpower situation had hampered the carmakers' ability to ramp up production when the industry was allowed to operate.

From December 2021 to February 2022, the automotive industry suffered another setback as the massive flooding inundated the industrial areas of Shah Alam and Klang, home to a majority of suppliers of automotive parts and components, the carmakers as well as the automotive workforce. With the supplies temporarily forced out of action, the manufacturer's production was disrupted yet again. Nevertheless, sales picked up in the 4th quarter of FY2022, especially when many took the opportunity to book/buy their cars before the end of the sales tax exemption on 30 June 2022. The Malaysian Automotive Association ("MAA") announced that new car sales in June 2022 of 63,366 increased 3,190% from the same month in 2021 and for the first 6 months of 2022 increased 33% from the same period in 2021.

In line with the above, the Automotive division recorded a decline in revenue by 12% to RM53.8 million, compared to RM60.8 million in FY2021. Despite the challenges and the reduction in revenue, the Automotive division delivered better results with normalised returns increasing to a net profit of RM0.9 million from a net loss of RM0.5 million after excluding the exceptional gains totaling RM3.2 million from the disposal of a factory building and a non-core loss making joint venture in FY2021. The improved results were made possible as our Automotive division was able to put and leveraged on the past experiences to deal with the pandemic while adapting and responded with agility. Intensifying cost management through effective cost savings and optimising initiatives and improving on the process efficiency has been key to the delivery of better operational performance.

Automotive division

The various productive measures taken to mitigate the impact include initiatives such as:

1) Rationalisation of resources and optimising the use of shared services and functions within the division;
2) Adoption of lean initiatives in manufacturing operations such as inventory control and cost reduction activities through waste identification and reduction to ensure optimal operating cost was achieved;
3) Enhancing the integration of in-house developed Poka-Yoke Systems (Error-proof) into existing manufacturing processes to guarantee the first step assembly quality; and
4) Digitisation improvement to change the way of doing business and achieve significant productivity gains especially during lockdowns where there are mobility restrictions on the workforce.

The Automotive division will continue with its planned approach to sustain and increase its revenue with innovative localisation solutions and by working closely with the car makers to continuously seek ways to increase the local content of their cars and reduce the cost of their completely knock down vehicle. This approach has succeeded as various projects secured from prior years has come online during the FY and contributed positively while lessening the impact of a shorten operating FY.

MAA has raised its 2022 automotive total industry volume forecast by 5% to 630,000 cars, from the previously estimated 600,000, following pent-up demand for new cars in the first half of 2022 and taking into account the country's economic recovery from the COVID-19 impact driven movement restriction which has impacted the car sales throughout the pandemic. The sales tax exemption has ended on 30 June 2022. However due to the worldwide shortages of microchips and domestic supply chain disruptions, production and delivery of vehicles were impacted and this in turn has caused a huge backlog in the delivery of vehicles to customers. In view of this and to allow car manufacturers time to fulfill their delivery orders, the Malaysian Government has announced that for those who booked their vehicles by 30 June 2022, they will have until 31 March 2023 to register them with the Road Transport Department to be eligible for the sales tax exemption which augurs well for the automotive sector recovery. Despite the extension given, the automotive sector continues to face disruption challenges from the on-going shortage of microchips and components. The Automotive division are cautious and expects the automotive sector to remain challenging in FY2023 with the recurring disruptions to the supply chain as a result from the continued lockdowns in China due to COVID-19 and the escalation of geopolitical conflicts and the risk of margin compression caused by rising cost of raw materials, energy and freight and increasing labor costs from regulation changes.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Automotive Division (Cont'd)

Barring any drastic interruptions to the automotive sector as seen in FY2022, FY2023 is expected to be a year of recovery for our Automotive division and the Automotive division will continue to exercise prudence, improve our financial efficiency whilst continuing to rationalise the operations and drive further cost optimisation to ease the pressure of margin compression arising from inflationary factors to maintain a sustainable financial position and drive business growth.

Resources Segment

The Resources Segment experienced an increase of 74% in its revenue from RM7.2 million in the prior FY to RM12.5 million, aided by elevated FFB prices, as result of supply constraints of edible oils caused mainly by the military conflict in Ukraine. Average FFB prices for the current FY increased from RM648 per metric tonne for FY2021 to RM1,073 per metric tonnes for the current FY. Moreover, FFB production increased from 11,059 metric tonnes to 11,676 metric tonnes year on year. In line with the increase in revenue, the Resources segment recorded a turnaround from a net loss of RM1.2 million for the previous FY to a net profit of RM2.4 million in the current FY.

Energy Segment

The Energy segment, which has not commenced commercial production recorded a net loss of RM3.2 million for the current FY versus a net profit of RM10.8 million in the prior FY. The net loss of the current FY was mainly arising from the Group's effective share of the fair value loss on other investments of RM1.2 million and administrative expenses. Whereas, the net profit for the previous FY was mainly attributable to a one-off gain on disposal of gold royalty of RM11.5 million (Group's effective share). As at end of the FY, the carrying value of the exploration and evaluation assets amounted to RM114.6 million with a total of RM3.7 million exploration expenditure incurred in FY2022.

The Energy segment has 4 Production Sharing Contracts for the exploration, development and production of coal bed methane ("CBM"), a form of clean gas, in South Sumatra Indonesia with a total acreage of 2,278 km^2. The Energy segment is the operator of all the 4 CBM production sharing contracts.

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

	PSC				
	Muara Enim	**Muara Enim II**	**Tanjung Enim**	**Muralim**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Exploratory activities and drilling programs	1	-	2,116	1,557	3,674

Tanjung Enim PSC

The Ministry of Energy and Mineral Resources ("MEMR") has in the previous FY, approved the Energy segment's first (and also Indonesia's first) Plan of Development ("POD") for the Tanjung Enim PSC (hereinafter referred to as "Tanjung Enim POD 1") under a gross split scheme in South Sumatra which will allow the project to proceed to field development, surface facility construction and commercial production. The Tanjung Enim POD I approval covers the development in two target areas, in the north and south of the contract area covering ~33km^2 (or 13% of the total acreage of the Tanjung Enim PSC) where the Indonesia Research and Development Center for Oil and Gas Technology (commonly referred to as LEMIGAS) has confirmed and certified Reserves totalling ~165 BSCF (FY2021: 165 BSCF) in these areas. During the FY, the Energy segment continues to focus on executing its Tanjung Enim POD 1 with discussions carried out with several parties which includes SKK Migas, MEMR, gas gathering facility provider and several gas buyers. In addition, the Energy segment is also progressing on the necessary environmental impact studies as required under the Tanjung Enim POD 1. The detailed framework and scope of the environmental impact studies which has been discussed and agreed between the appointed consultant and the regulatory authority/commission had been submitted to the Ministry of Forest and Environment of Indonesia. Stakeholders' engagement comprising mainly villagers in the vicinity of the Tanjung Enim POD 1 area, and local government bodies, in respect of environmental impact studies on their lives and livelihoods have already been completed. In addition, field samples have been collected and the Energy segment is in the midst of preparing the technical report related to pollution control in respect of air, water and emissions for the area under the Tanjung Enim POD 1. Also, the Energy segment has received the Seller Appointment Letter from SKK Migas that formally authorises and appoints the Energy segment to sell CBM produced from the Tanjung Enim PSC on SKK Migas's behalf. The Energy segment has also received technical proposals from shortlisted engineering companies for the front-end engineering design ("FEED") studies for its Tanjung Enim POD 1. The FEED study is expected to commence in the second half of 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Energy Segment (Cont'd)

Muralim PSC

In the previous FY, the Energy segment spudded a well, known as MU-005 (Twin) well and the drilling rig was mobilised to a location which is the same drill pad as MU-006 well. The Energy segment successfully completed permeability tests and drilled to the targeted depth of 724 meters in vertical depth, at the MU-005 (Twin) well. Four coal seam formations were discovered between the depth of 547 meters to 669 meters.

During the current FY, the dewatering process was temporarily suspended due to revised environmental regulations issued by the Indonesian Government in September 2021. The Energy segment obtained the environmental permit issued by the Ministry of Environment Indonesia in January 2022 and continued with the dewatering process to determine the gas productivity for future development. On 1 August 2022, MEMR via SKK Migas has approved an additional exploration period until 18 July 2023.

Muara Enim PSC

The Energy segment has completed the exploration activities and submitted all the geological and reservoir data including exploration/production data to SKK Migas and has since received an acknowledgement letter from SKK Migas, which:

i) confirms the discoveries of natural gas;
ii) acknowledges the completion of exploration firm commitments; and
iii) allows the Energy segment to submit a plan of development within 3 years from 18 January 2021.

Muara Enim II PSC

The Muara Enim II PSC had expired on 31 March 2019. Pending the extension of the PSC, the Energy segment has made a provision for impairment of the carrying value of the Muara Enim II PSC Exploration and Evaluation expenditure in FY2019 of RM18.4 million and a provision for potential penalty of RM6.2 million in relation to the fulfilment of the remaining obligation under the PSC. Pursuant to discussions with SKK Migas, the Energy segment has submitted an application on 28 April 2022 to convert the Muara Enim II PSC from a cost-recovery based contract to a gross split contract which will enable an extension of time to complete its exploration commitments for its Muara Enim II PSC. The application is currently pending approval from MEMR.

SUSTAINABILITY STATEMENT

Our Commitment to Sustainability

At Globaltec Formation Berhad ("Globaltec" or the "Company") and its subsidiaries (the "Group"), sustainability has been the focus of our operations and we embed sustainability principles in our business decision and practices, as we seek to create value in the economy, preserve our environment and engage with our stakeholders and communities.

In financial year ("FY") 2022, responding to the revised Malaysian Code of Corporate Governance 2021 ("MCCG 2021"), we are embarking on a journey to develop and enhance our sustainability strategies and practices with the assistance of an appointed sustainability service provider. As part of the enhancement, we introduced our sustainability policy, strengthened our sustainability governance and refine our sustainability activities. In our activities, we pursue the vision of becoming an eco-friendly and technology-sensitive firm that continues its sustainable growth thanks to the values we create on the global market and maintains its position as a preferred and strategic business partner with its competitive edge.

This sustainability statement highlights the enhancements that we have incorporated and the sustainable activities we conducted along with our targets and achievements. We endeavour to improve in the coming future, addressing the challenges our world is facing ranging from rising temperature to volatile energy prices.

Reporting Period and Scope

This Sustainability Statement (the "Statement") covers our sustainability performance of the operations of the Group located in Malaysia and Indonesia. The Statement covers 12 months financial year ended 30 June 2022. Our target achievement for sustainability will be monitored and enhanced in the following year and for this year, our Board of Directors (the "Board" or "BOD") sets this financial year as the base year for future sustainability comparative, monitoring and reporting purposes. This Statement covers the following business segments of the Group:

- Integrated Manufacturing Services ("IMS") Segment – The IMS segment represents the core business and the major contributor in terms of revenue and employing the largest workforce in the Group. The IMS Segment provides multi-disciplinary manufacturing services/solutions comprising precision machining, stamping & tooling, moulding, assembly and manufacturing primarily for multinational corporations and reputable local brand names.
- Energy Segment – The Energy Segment is principally involved in the exploration, development and production of Coal Bed Methane ("CBM").
- Resources Segment – The Resources Segment is principally involved in the harvesting and selling of Fresh Fruit Bunches of oil palm ("FFB").

Reporting Standards

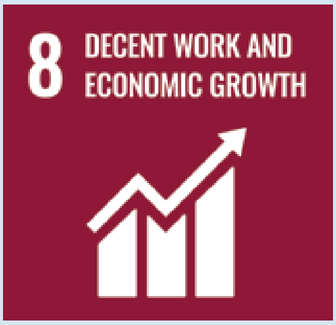
This Statement was prepared in accordance with the following regulation and guidance:

- Practice Note 9 of the Main Market Listing Requirements;
- Sustainability Reporting Guide, 2nd Edition ("SRG") issuance by Bursa Malaysia Security Berhad;
- MCCG 2021;
- Global Reporting Initiative ("GRI"); and
- United Nations Sustainability Development Goals ("UNSDGs").

SUSTAINABILITY STATEMENT (CONT'D)

UNSDGs

Globaltec aspires to fulfil its responsibility as a corporate citizen to society. Recognising this aspiration, Globaltec adopts the following 3 of the 17 UNSDGs as these goals directly connect to our business operation.

Material Sustainability Matters	UNSDG Reference	Why it is important
Economic Performance Environmental Compliance Community Awareness, Development and Contribution	 	Ensuring access to affordable, reliable, sustainable and modern energy for all by 2030 will open a new world of opportunities for billions of people through new economic opportunities and jobs, empowered women, children and youth, better education and health, more sustainable, equitable and inclusive communities, and greater protections from, and resilience to, climate change. One of the greatest global challenges is to integrate environmental sustainability with economic growth and welfare by decoupling environmental degradation from economic growth and doing more with less resource. Resource decoupling and impact decoupling are needed to promote sustainable consumption and production patterns and to make the transition towards a greener and more socially inclusive global economy.
Economic contribution Human Rights Occupational Health and Safety Employee Welfare and Training Jobs Creation Diversity and Equal Opportunities		In line with our business imperatives, we promote inclusive and sustainable economic growth, employment and decent work for all. Sustained and inclusive economic growth can drive progress, create decent jobs for all and improve living standards and economic growth can lead to new and better employment opportunities and provide greater economic security for all.

In line with the enhanced sustainability reporting requirements issued by Bursa Malaysia, Globaltec will expand and specify the

SUSTAINABILITY STATEMENT (CONT'D)

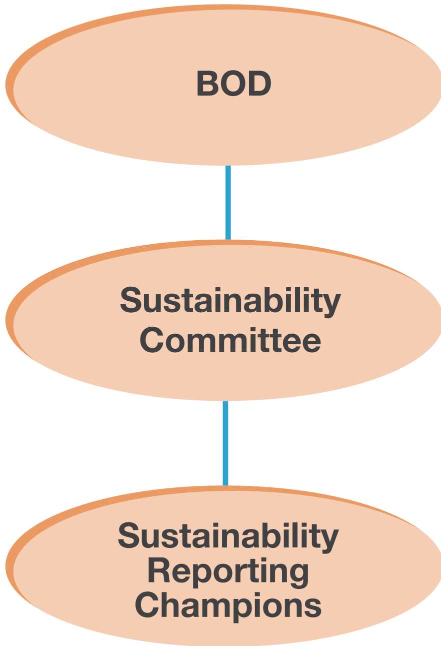
Key Action Plans	Sustainability Key Performance Indicators
1. To monitor and record diesel consumption at all business operations	1. Reduce diesel consumption in business operations
2. To implement energy and water saving awareness at our business premises	2. Increase energy efficiency
3. To ensure the sub-contractor/vendor/supplier complies with the environmental regulations by embedding contract terms and conditions with environmental aspects	3. Zero cases of non-compliance with environmental regulatory authorities
4. To capture and record our carbon emissions and establish our target for carbon reduction	4. Reduction in carbon emission
1. To ensure the production process at the subsidiary level is completed within timeline and budget	1. All production processes meet the process timeline and cost budgets
2. To prioritise the employment of local employees	2. Majority of the workforce comprises locals
3. To ensure all employees received sufficient training according to Training Needs Analysis	3. Maintain sufficient training per annum for each employee
4. To retain potential and performing employees	4. Maintain a low staff turnover rate
5. To appoint female director at the BOD level	5. At least a female director at the BOD level
6. To engage with local communities for charity programmes	6. At least 1 contribution towards community welfare and development, where possible
7. To achieve the Goal of Zero Fatality	7. Zero cases of non-compliance with Occupational Health and Safety regulations
8. To ensure compliance with the regulations and law	8. Zero penalty or fines from the regulatory bodies

details of the targets and performance indicators in each of the sustainability matters within the next 1-2 years.

SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Governance

The Company's BOD has the ultimate responsibility for the Group's sustainability management and direction, supported by the sustainability agenda at the management and subsidiaries levels. Our sustainability leadership is led by our BOD, which oversees and safeguards that the Group pursues its commercial objectives and remains an accountable and sustainable organisation.



Our sustainability efforts are influenced by our policies and code of conduct which is in line with the laws, regulations and best practices. The policies include our code of conduct and ethics, which apply to all employees of our Group. These policies cover, amongst others, rules surrounding corrupt and unethical practices, policies, regarding conflict of interest, health, safety and environment and whistleblowing policies.

Information on the BOD, Board Charter, BOD Committees and their Terms of Reference, Corporate Governance Report, Anti-Bribery & Anti-Corruption Policy, Code of Ethics and Conduct, Directors Fit and Proper Policy, Shareholders Communication Policy, Whistleblowing Policy, Gender and Workplace Diversity policy and External Auditor's Evaluation Policy are available on our corporate website.

Subsequent to the financial year ended 30 June 2022, we have established a Sustainability Committee ("SC") to ensure adequate management of sustainability initiatives, activities, policies and procedures related to the Group. The SC consists of a Chairman, a Sustainability Coordinator and the Sustainability Reporting Champions of the respective divisions. The Chairman of the Executive Committee shall be the Chairman of the SC.

The objectives of the SC are:

- To identify, recommend, develop and implement the sustainability strategies, policies, procedures, tasks and activities of the Group;
- To manage the strategies, targets and plans designed by taking into consideration of the risks and opportunities for sustainability;
- To monitor and report progress against the Group's sustainability targets and plans;
- To integrate sustainability into daily business activities across the Group to engraft sustainability accountability among the Group's employees;
- To engage the Group's employees continuously on sustainability and instil a sustainable and forward-thinking culture; and
- To advise, brief and report to the BOD on all sustainability matters.

SUSTAINABILITY STATEMENT (CONT'D)

Roles And Responsibilities for Sustainability Governance

The following table described in detail the roles and responsibilities of each section of the Group's Sustainability Governance which includes the BOD, SC, Sustainability Coordinator and Sustainability Reporting Champion.

Roles and Responsibilities for BOD and SC

BOD	SC
• The BOD is ultimately accountable for the sustainability framework	• Supports the sustainability accountability of the BOD
• Provides overall direction and oversight of all sustainability initiatives	• Reviews and updates the TOR for SC
• Drives the strategy for sustainability progressively	• Development of sustainability policies and frameworks for BOD endorsement
• BOD will be briefed and updated on the status of sustainability matters	• Operational general monitoring of the implementation of sustainability action plans
• Endorses any Terms of Reference ("TOR") for the SC	• Receives and reviews the sustainability updates through the appropriate reports
• Review and Approves the Sustainability Statement and/or Summary Report for disclosure purposes in the Annual Report	• Annual review of the sustainability policy, frameworks, and TOR, where appropriate recommendations to the BOD for changes
	• Provides briefing and updates to the BOD on a regular or periodic basis

Roles and Responsibilities for Sustainability Coordinator and Sustainability Reporting Champion

Sustainability Coordinator	Sustainability Reporting Champion
• Drafting TOR for SC	• Supporting the Sustainability Coordinator for sustainability initiatives for the Group
• Facilitates stakeholders' engagement session for identification of key sustainability matters	• Assesses key sustainability matters and stakeholders involved for the Group, divisions and/or subsidiaries
• Disseminate sustainability reporting information request template to the respective champions	• Drives sustainability initiatives under the purview in line with the sustainability frameworks used;
• Co-ordinates input of disclosure information, sustainability information and measurement initiatives from respective champions	• Evaluate the need to outsource sustainability initiatives in which the Group does not possess the expertise
• Monitors and follow-up on the implementation status of sustainability initiatives • Prepare appropriate sustainability progress report to SC	• Liaises with the Sustainability Coordinator on the implementation status update of sustainability reporting initiatives and input of disclosure information
• Manages sustainability initiatives within the stipulated timeline before the release of the Annual Report	
• Prepares the Sustainability Statement and/or Summary Report for disclosure purposes in the Annual Report	

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder Engagement

We believe that building relationships with our major internal and external stakeholders improves our Group's performance and reputation. We ensure open lines of communication are maintained as designated representatives from each business Segment regularly interact with key stakeholders through a variety of channels, including discussions and gatherings. These interactions are essential to keep us moving toward our sustainability objectives.

These stakeholders were determined through several discussions with the head of departments and divisions, focusing on their significance to the Group and how they can impact our business operation. Details of stakeholders group, how we engage with the stakeholders, what are the topics and issues when we engage with the stakeholders and the frequency of engagement are summarised in the table.

Stakeholder Group and Engagement

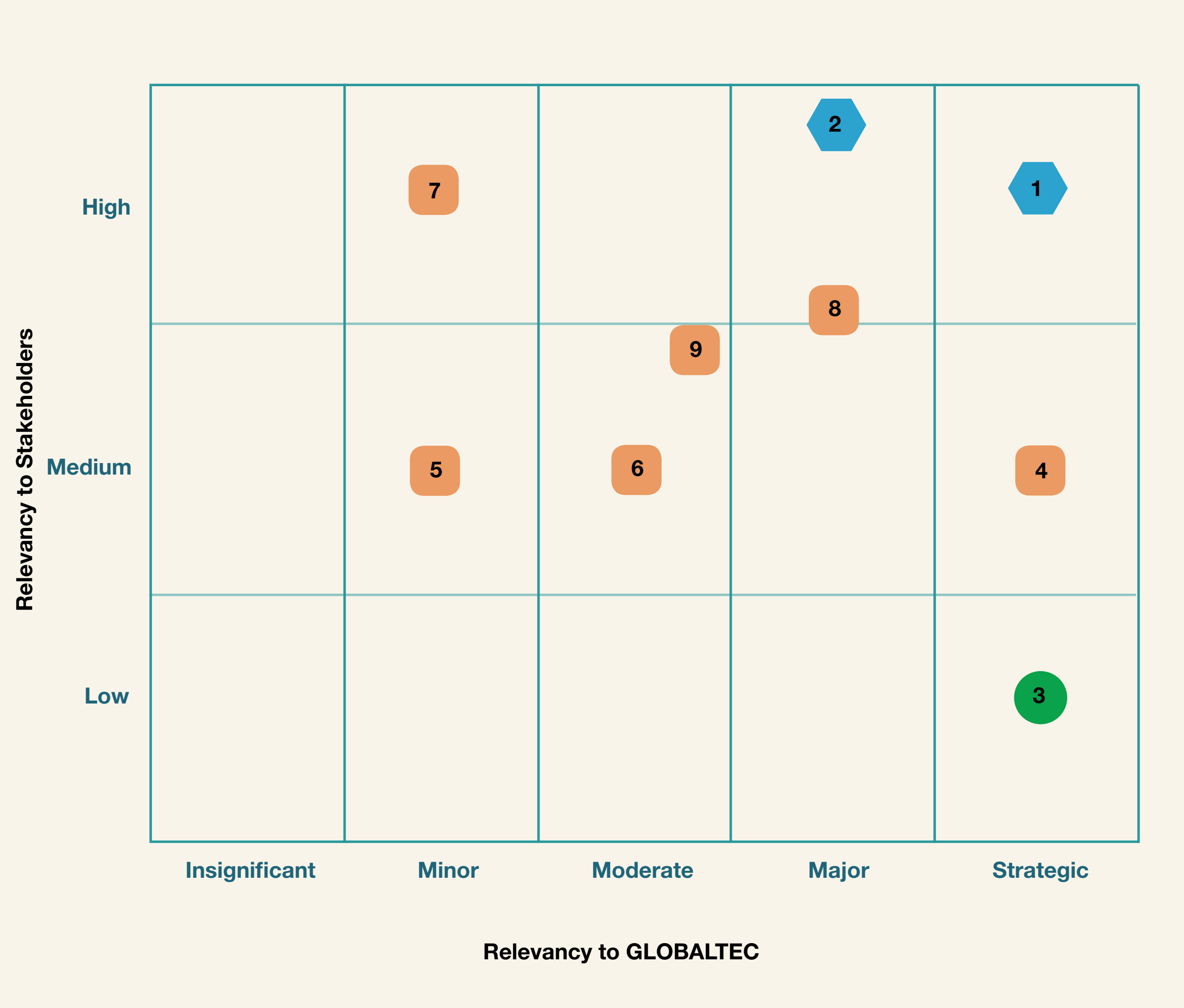
Stakeholder Group	Stakeholder Engagement	Sustainability Issues	Frequency of Engagement
Employees	• Engagement / Appraisal sessions • Sports & recreational activities • Campaigns/Health check-ups • Internal communications • Volunteer programs • Employee survey • Continuous improvement activities	• Economic contribution • Job retention • Human rights • Training and development • Employee welfare • Financial stability • Occupational health and safety • Environmental Compliance	• Daily • Occasionally • Annually
Customers	• Customer service • Customer evaluation/score card/ survey • Dialogue sessions • Correspondences • Meetings • Recreational activities • Participation in associations • Customer audits	• Environmental Compliance • Financial stability • Product liability and responsibility	• Daily • Occasionally • Annually
Shareholders	• General meetings • Announcements/Media briefings • Quarterly reporting • Correspondences	• Economic contribution • Regulatory compliance • Good corporate governance	• Quarterly • Annually
Lenders	• General meetings • Announcements/Media briefings • Quarterly reporting • Correspondences • Meetings	• Economic contribution • Regulatory compliance • Good corporate governance	• Quarterly • Annually
Suppliers	• Periodic meetings • Supplier's evaluation • Dialogue sessions • Correspondences • Meetings • Recreational activities • Training	• Procurement practices • Financial stability • Environmental Compliance • Product liability and responsibility	• Periodically • Occasionally
Communities	• Community health and business awareness programs • Charitable contribution • Training, internship, and job placements • Meetings • Sports & recreational activities	• Economic contribution • Jobs Creation • Environmental Compliance • Product liability and responsibility • Community awareness and development	• Occasionally
Government and regulatory authorities	• Dialogue sessions • Correspondences • Meetings • On-site inspections	• Regulatory compliance • Environmental Compliance • Occupational health and safety • Human rights • Product Responsibility	• Periodically

SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Materiality Matrix

We interviewed our employees and heads of subsidiaries to gather relevant information as well as feedback to develop our materiality areas. We use the materiality matrix to showcase this sustainability materiality and issues by contrasting two dimensions. Materiality refers to an organisation's significant economic, environmental and social impacts that substantively influence the assessments and decisions of stakeholders and the Group.

Materiality Area as well as its Relevancy to Stakeholders and the Group



Material Sustainability Matters for the Group

Economic	Environmental	Social
1. Economic Contribution 2. Regulatory Compliance and Governance	3. Environmental Compliance	4. Human Rights 5. Occupational Health and Safety 6. Employee Welfare and Training 7. Community Awareness, Development and Contribution 8. Jobs Creation 9. Diversity and Equal Opportunities

SUSTAINABILITY STATEMENT (CONT'D)

Economic

Actions Plans and Key Performance Indicators for Economic

No.	Action Plans	Sustainability Key Performance Indicators
1.	To ensure the production process at the subsidiary level is completed within timeline and budget	All production processes meet the process timeline and cost budgets
2.	To ensure compliance with the regulations and law	Zero penalty or fines from the regulatory bodies

Economic Contribution

2021 was a turbulent year due to the unprecedented COVID-19 pandemic locked down, supply chain slowdowns, geopolitical tensions, the effects of climate change, growing focus on ESG activities amongst many others. With this intense turbulence and uncertainty, the actions taken by our business Segment leaders, including our BOD's anticipation and response to such unprecedented challenges will determine the success of the Group. With the re-opening of the economy/borders of Malaysia, in the first half of 2022 and effective cost management, the Group improved its revenue by 14% to RM184.3 million and profitability on a normalised basis jumped three-fold to RM16.6 million.

Further details on our economic and financial results are explained in the Management Discussion and Analysis and Financial Statement sections of this Annual Report.

Regulatory Compliance and Governance

Our business operations are governed by regulations, based on the type of industries and location where we operate. All business Segment/divisional Chief Executive Officers manage and report promptly on the compliance efforts to ensure that we comply with all the regulatory requirements which include RoHS and REACH Compliance. RoHS and REACH Compliance are elaborated in detail under the Environmental sections. We also inculcate strong governance practices with recommended practices prescribed under the MCCG 2021. These corporate governance are explained in this annual report's Corporate Governance Overview Statement section.

Environmental

Key highlights

We strive to preserve our environment. As part of our action plan, we have identified initiatives and key performance indicators to be established for our future sustainability reporting. These action plan and KPIs are summarised as follow:

Actions Plans and Key Performance Indicators for Environmental

No.	Action Plans	Sustainability Key Performance Indicators
1.	To monitor and record diesel consumption at all business operations	Reduce diesel consumption in business operations
2.	To implement energy and water saving awareness at our business premises	Increase energy efficiency
3.	To ensure the sub-contractor/vendor/supplier complies with the environmental regulations by embedding contract terms and conditions with environmental aspects	Zero cases of non-compliance with environmental regulatory
4.	To capture and record our carbon emissions and establish our target for carbon reduction	Reduction in carbon emission

We are committed to reducing the Group's environmental impact and assisting our stakeholders in their environmental sustainability efforts as well as to highlight our support to commitment of Malaysia and the country we operate in, to green agenda and the UN Sustainable Development Goals.

SUSTAINABILITY STATEMENT (CONT'D)

Environmental (Cont'd)

Environmental Compliance

It is our policy to comply with the environmental regulations, maintenance and improvement in areas relating to environmental standards, energy conservation, storage practices, noise level management and treatment of plant effluents and wastewater.

We comply with all major applicable environmental rules and regulations in all our business processes including in our designing, building, operating or decommissioning sites under IMS, Energy and Resources segments. Managing environmental impact is an essential element to the Group's value proposition as part of our commitment to sustainability.

Through conducting audits and making constant adjustments to our procurement processes and rules, we include environmental compliance and commitment from vendors and suppliers in a transparent manner. The Group views the vendors and suppliers as crucial business partners and highlights to vendors and suppliers on the need to adhere to all environmental rules and regulations. Both vendors and suppliers are also required to notify the Group on any violations or non-conformances incidents.

IMS Segment

Our Automotive Division is accredited with environmental management systems standard, ISO 14001: Environmental Management System. Works to further improve energy efficiency and minimise pollutants like carbon dioxide and carbon monoxide emissions to improve environmental preservation. On this note, the Automotive Division has switched from using forklifts powered by diesel to ones powered by liquefied petroleum gas.

RoHS and REACH Compliance

We enhance our commitment to sustainability for business directly in RoHS and REACH-related countries. RoHS stands for Restriction of Hazardous Substances and impacts entire electronics industry and electrical products. Restrictions on the use of six hazardous compounds present in electrical and electronic equipment were first established by the European Union ("EU") in 2002. Since 1 July 2006, all relevant products on the EU market must comply with RoHS.

Our Precision Tooling & Automation Division under the IMS Segment complied with RoHS since year 2010 and REACH since year 2020 which included obtaining RoHS and REACH declarations from suppliers and submission of the declaration to the customers that purchased fabricated components. REACH stands for Registration, Evaluation, Authorisation and Restriction of Chemicals and approximately 10 prohibited chemicals have maximum values specified by EU RoHS. The first six were included in the original RoHS, while the final four were included in RoHS 3, effective on 22 July 2019. The importers established in the EU or the sole representative of a non-EU manufacturer established in the EU are responsible for complying with REACH regulations such as registration.

Energy Segment

Energy Segment is principally involved in the exploration and production of CBM which is a major source of natural gas for clean energy. The Energy segment works with government and public authorities at all levels in order to ensure that the best environmental practices are adopted and maintained up to date with the most recent published guidance. We follow ethical procurement procedures, which are strengthened by the need that all our active registered vendors reaffirm their adherence to our code of conduct basis regularly. Our activities begin with a supplier selection process that takes sustainability factors like high-quality materials and environmental compliance into account.

SUSTAINABILITY STATEMENT (CONT'D)

Social

People and community are critical to us. We are committed to managing the Group in ways that are socially responsible considering human rights, occupational safety and health, employee welfare and their learning and development as well as community development. We bring this commitment to life through our policies and relevant initiatives within our ranges and capacities as a responsible company.

Actions Plans and Key Performance Indicators for Social

No.	Action Plans	Sustainability Key Performance Indicators
1.	To prioritise the employment of local employees within the financial year	Majority of the workforce comprise of locals
2.	To ensure all employees received sufficient training according to Training Needs Analysis	Maintain sufficient hours of training per annum for each employee
3.	To retain potential and performing employees	Maintain a low staff turnover rate for the financial year
4.	To appoint female director at the BOD level	At least 1 female at the BOD level
5.	To engage with local communities for charity programmes	At least 1 contribution for community welfare and development, where possible
6.	To achieve the Goal of Zero Fatality	Zero cases of non-compliance with Occupational Health and Safety regulations

Human Rights

We are aware of our social responsibility and are fully committed to respecting human rights along the entire value chain. We regard this as a central element of integrity and responsible corporate governance. The Group's holistic approach to respecting human rights not only encompasses our operations but also throughout our supply chain and customer-related business activities. We aim to identify and assess adverse impacts as early as possible and mitigate any damages to our reputation and financial losses.

Our Group is committed to contributing to the building of sustainable supply chains and ensuring suppliers effectively manage their potential human rights impacts, including within their supply chain. The Group aims to create a mutually beneficial relationship with suppliers from all walks of life reflecting the diverse communities and cultures we operate in.

In addition, the Group is always committed to preventively identifying actual and potential adverse human rights impacts, taking prevention and mitigation measures and striving for transparency in reporting results and progress.

Occupational Health and Safety

Occupational health and safety are a priority to us as it is the provision of a safe and healthy work environment that is free of fatalities, injuries and illness in compliance with the law and occupational health and safety standards.

The Group is deeply committed to the safety of our people at the workplace. Our journey towards achieving our Goal of Zero Fatality is a testimony of our ambition to achieve zero injuries across all our operations.

To promote safety in our operation, we impose strict compliance with occupational health and safety standards. As part of implementing this compliance, we establish Health, Safety and Environment ("HSE") Committee, which has its strong roles and responsibilities towards the occupational health and safety accountability as stated in the below table.

1. Quarterly Internal Safety Meeting for Machine Safety at the Precision Machining & Automation Division (within IMS Segment)
2. Quarterly Internal Safety Meeting for Medical Kit at the Precision Machining & Automation Division (within IMS Segment)
3. Fire Extinguishers Maintenance at IMS and Energy Segments
4. Workers Safety Equipment, Production Floor Wellbeing with Chemical Containment and Emergency Exit at all segments
5. Key Box or Keys Security at all segments

SUSTAINABILITY STATEMENT (CONT'D)

Social (Cont'd)

IMS Segment

We regret to report a major accident (non-fatal) case in FY2022 at a factory in Indonesia under the IMS Segment. The incident in FY2022 was caused by non-compliance with safety procedures. Every accident/incident is followed by a detailed investigation into the root causes, and measures are identified and taken to mitigate the root causes. All reviews, feedbacks and comments are considered and actions are taken through ongoing action plans such as retraining exercise on how to wear suitable protective gear to reduce hazards, to installing sensors with alarms to prevent accidents from happening.

Moving forward, to accomplish the desired targets, regular compliance inspections accompanied by enhancement of the safety and health management system will be carried out across all our business Segments.

Employee Welfare and Training

Employee training is essential in our business. We enable them to reach their full potential through training which makes our organisation more agile, competent and efficient. Our employees are encouraged to constantly share their knowledge and skills with others for the benefit of other colleagues to move forward together.

IMS Segment

In FY2022, the Precision Machining & Automation division under the IMS Segment recorded a total of 2,096 training hours (excluding on-the job training) with the average training hours per employee being 8 hours. As part of our business Segment activities, we have provided employee welfare and training development to the employees as per the below table.

Employee Welfare and Training

IMS Segment	Energy and Resources Segments
• Training includes on-the-job training, online training, and training in technical and soft skills as well as the development of future leaders • Provided life insurance such as personal accidents, medical and healthcare insurance, and compensation programs • Succession planning is in place for key positions to ensure continuity and provide assurance among key management • Insured with public liability insurance to compensate for any potential loss that may arise within the operational facilities • Conduct regular in-house training, by internal senior employees and external trainers to promote continuous training, and innovation and improve employees' morale and motivation	• Job training that consists of technical, soft skills, and grooming future leaders • Safety induction for new personnel or guests, regular safety inspections, basic safety training, and meetings on health and safety • Provided life insurance such as personal accidents, medical and healthcare insurance, and compensation programs • Developed sustainability programs with local partners and committed to providing local community members with employment opportunities • Succession planning is in place for key positions to ensure continuity and provide assurance among key management

Community Awareness, Development and Contribution

Blood Donation Campaign

In pursuit of our Group's success, social obligations to local communities were not neglected. We have various charitable activities, donations and educational assistance organised to support our staff children, the underprivileged and the local communities where we operate. Despite the uncertain conditions and challenges brought out by the COVID-19 pandemic outbreak, we manage to organise a Blood Donation Campaign under the IMS Segment. Blood donation not only benefits the local community but is also beneficial to the donor as it reduces the risk of heart and liver ailments which can be caused by iron overload in the body.

SUSTAINABILITY STATEMENT (CONT'D)

Social (Cont'd)

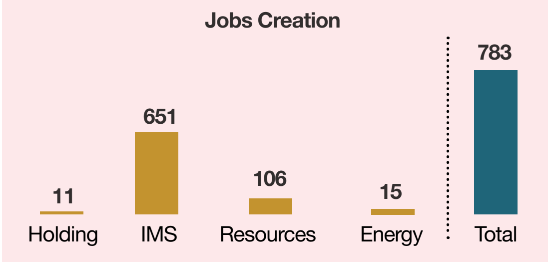
Jobs Creation

We aspire to contribute to the communities where we operate in Malaysia and Indonesia. We believe the local community has the skills and talents which suit our business operations and background. We are aware that our employees are our most valuable resource and that their dedication and exceptional performance are key components of any successful and effective implementation of business strategies.

We take great satisfaction in considering our employees as important contributors to the Group's ongoing success and we will aim to be the company where talented and driven employees continue to accomplish excellent work.

In FY2022, our total number of employees is 783 segregated into our respective business Segments:

Job creation at the respective business Segments

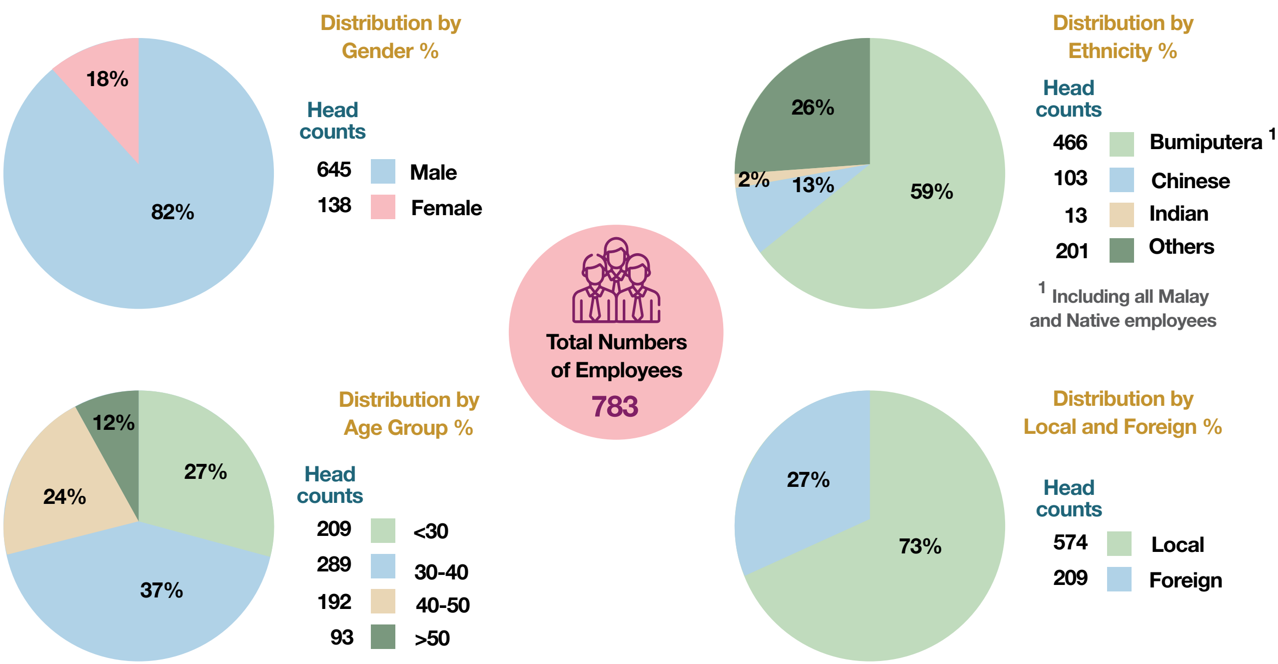


Diversity and Equal Opportunities

The job opportunities that we deliver to both nations and the local community is not just about headcount and skills but also consider a balanced diversity in terms of gender, age group and ethnicity distribution. Since fair compensation and equal opportunity are important, as well as training and development, employee well-being and engagement and work-life balance, we remain dedicated to them.

We are committed to establishing ourselves as a holistic employer that prioritises the professional advancement of every employee. We are aware of how crucial it is to support each person's deep motivation and drive by making sure they are at their physical and emotional best. In this regard, regardless of gender, age or ethnicity we will continue to work to guarantee a fair and equitable recruiting process to ensure that the right people are recruited for the roles based on merits.

Distribution of Employees



Future aspiration for sustainability

We recognise the sustainability journey is a continuous effort that has much more to be improved and included. Now and moving forward, we will ensure sustainability aspects be considered in our engagement with stakeholders in our day-to-day business operations. Another important area is establishing a base year as a means for comparative and performance monitoring which will be deliberated/decided by the BOD.

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 2021 (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, risk management, sustainability, 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")	5/5
Kong Kok Keong	5/5
Ooi Boon Pin	5/5
Chen Heng Mun	5/5
Wong Zee Shin	5/5
Datuk Yong Teck Shing, JP	5/5
Yong Nam Yun (alternate to Kong Kok Keong)	5/5
Ash'ari bin Ayub *(resigned on 29 August 2022)*	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. During the financial year, the Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company.

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 25 August 2022.

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 10.

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 strategies and 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 the Energy Segment and Pang Kim Fan, CEO of the Resources Segment. The Company's associated company, which is in the food and beverage business, is led by its CEO Andre Shum Khum Yuin. In addition, half 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 a major 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 ("MMLR"). 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, risk management, sustainability and environmental, social & governance related matters, 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:

- responsible for the long-term success of a company and the delivery of sustainable value to its stakeholders;
- 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;
- reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- determining the remuneration of non-executive directors, with the individuals concerned abstaining from discussions of their own remuneration;
- ensuring that the Group adheres to high standards of ethics and corporate behaviour; integration of sustainability considerations in corporate strategy, governance and decision-making; and
- together with management takes responsibility for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets. Strategic management of material sustainability matters should be driven by senior management.

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 (including corruption risk).

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. The Senior Independent Non-Executive Director is to whom concerns may be conveyed. Ash'ari bin Ayub was the Senior Independent Non-Executive Director during the financial year, Subsequent to the resignation of Ash'ari bin Ayub from the Board of Directors on 29 August 2022, Wong Zee Shin, assumed the role of Senior Independent Non-Executive Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

SECTION 1: DIRECTORS (CONT'D)

BOARD BALANCE AND RESPONSIBILITIES (CONT'D)

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.

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 by 30 June 2023.

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 and must not exceed a cumulative term of twelve (12) years. For an Independent Director exceeding the cumulative term of nine (9) years but less than twelve (12) years, he or she may continue to serve on the Board subject to the Director's redesignation as a Non-Independent Director. The Board could also retain him as an Independent Director but must justify and seek shareholders' approval in annual general meeting.

Wong Zee Shin was appointed to the Board as an Independent Director on 28 March 2012. His term of full nine (9) years was on 28 March 2021. At the date of this Annual Report, he has served as an Independent Director for 10 years and 7 months. At the 10th Annual General Meeting ("AGM") held on 30 November 2021, the shareholders of the Company have approved to retain him as an Independent Director. As such, Wong Zee Shin has continued to be the Independent Non-Executive Directors of the Company since 28 March 2021 and will be subject to annual re-appointment by shareholders at the subsequent AGMs in accordance with Article 90(2) of the Company's Constitution, until his cumulative terms reaches twelve (12) years. The Board wishes to retain him as an Independent Directors after the 11th AGM and is therefore seeking shareholders' approval at the forthcoming 11th AGM to retain him as an Independent Director. The Board's justification for retaining Wong Zee Shin as an Independent Director is as follows:

i) He has fulfilled the criteria under the definition of Independent Director as stated in the MMLR;
ii) He is an experienced Chartered Accountants and is a member of the Malaysian Institute of Accountants ("MIA"). His diverse range of experiences provide confidence to the Board as members of the Audit Committee (of which Wong is the Audit Committee Chairman) who oversees the periodic review of the financial results of the Group. As such, it is of the best interest of the Group to maintain his current appointment as an Independent Director;
iii) He has continuously demonstrated his independence, integrity and due care as a director of the Company; and
iv) He had not entered into any related party transactions with the Group.

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
- Key Sustainability (Environmental, Social and Governance) matters
- 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

SECTION 1: DIRECTORS (CONT'D)

AUDIT COMMITTEE

The Audit Committee report is presented on pages 43 to 45 of this annual report.

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

Save for Kong Kok Keong, who is a Non-Independent Non-Executive Director, the Nominating Committee consists entirely of Independent Non-Executive Directors and the members are as follows:

- Wong Zee Shin (Chairman)
- Datuk Yong Teck Shing, JP
- Kong Kok Keong *(appointed on 30 August 2022)*
- Ash'ari bin Ayub *(resigned on 29 August 2022)*

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 Nominating Committee be chaired by an Independent Director or Senior Independent Director.

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 in accordance to the Directors Fit and Proper Policy. The Directors Fit and Proper Policy was approved by the Board on 25 May 2022 and is published on the Company's website. 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, personal and financial integrity, good reputation, 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
- Crisis management

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

SECTION 1: DIRECTORS (CONT'D)

NOMINATING COMMITTEE (CONT'D)

The activities of the Nominating Committee during the year and up to the date of this report, 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;
- In conjunction with a resignation of a Director, reviewed the independence composition of the Board and composition of the Board Committees and recommended to the Board on changes to be made to the composition of 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 AGM.

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, sustainability, 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, webinars/ seminars, briefings and/or workshops as follows:

Director	Name of Conferences, Seminars and Training Programmes Attended
Tan Sri Datuk Seri Panglima (Dr.) TC Goh	- Briefings on corporate governance updates and Environment, Social and Governance ("ESG")
Kong Kok Keong	- Briefings on corporate governance updates and ESG
Ooi Boon Pin	- Agilent Best Practice sharing session - Brooks Automation Supplier forum - British Malaysian Chamber of Commerce CEO forum - Technology, Quality, Responsiveness, Delivery and Cost Meeting with Keysight - Benchmarking visit to Smith & Nephew - Keysight CEO forum - Mesyuarat Lembaga Peperiksaan dan Penganugerahan Sijil/Diploma Politeknik dan Kolej Komuniti - Benchmarking visit to Tecan Group – Paramit Corporation - Briefings on corporate governance updates and ESG
Chen Heng Mun	- KPMG Board Leadership Center Exclusive - US Forced Labour Legislation: Impact on Corporate Malaysia - KPMG - Tax & Business Summit 2021 - KPMG: The death of traditional forecasting - KPMG Webinar - Insights into Task Force on Climate-Related Financial Disclosures ("TCFD") and Sustainable Finance - MICPA-KPMG Joint Complimentary Webinar 'Executive Masterclass: Developing Malaysia's Roadmap to Net Zero' - Briefings on corporate governance updates and ESG
Wong Zee Shin	- Strengthening Child Protection in Palm Oil Supply Chain Online Training - Demystifying ESG performance metrics - Driving consistency in ESG disclosures - Top 3 Business Expenses You Often Missed Getting Tax Deductions - Incorporation of Companies (Starting a Business in Malaysia) - Jabatan Tenaga Kerja Sabah: Program Work and Me - Rethinking Supply Chains in Asia Pacific - Suruhanjaya Sekuriti Malaysia Annual Dialogue 2021 - Gradual Rebound with Strong Local Demand in 2022 - Wages - Overtime Calculations, EPF, SOCSO & EIS Contributions & Employment Laws Benefits Administration - Audit Oversight Board's Conversation with Audit Committees - Briefings on corporate governance updates and ESG

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

SECTION 1: DIRECTORS (CONT'D)

DIRECTORS' TRAINING (CONT'D)

Director	Name of Conferences, Seminars and Training Programmes Attended
Datuk Yong Teck Shing, JP	- Audit Oversight Board's Conversation with Audit Committees - Briefings on corporate governance updates and ESG
Yong Nam Yun	- Briefings on corporate governance updates and ESG
Ash'ari bin Ayub *(resigned on 29 August 2022)*	- MIA Webinar Series: ISA220 & 230: Quality Control for an Audit of Financial Statements & Audit Documentation - Case Study – Based MFRS Webinar: Reporting Financial Instruments MFRS 9 Financial Instruments (together with MFRS 132 and MFRS 7) Sections 11, 12 and 22, MPERS - MIA Webinar Series: Applying MFRS 15 and MPERS S34 – Construction Contracts and Property Development Activities - Amendments to Listing Requirements -2022 - Briefings on corporate governance updates and ESG

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, sustainability, risk management and the relevant regulations related to the Group.

RE-ELECTION

In accordance with Article 90(1) of the Company's Constitution, an election of Directors shall take place each year. Further, 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 newly appointed director to fill casual vacancy, 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.

Accordingly, the following Directors are subject to re-election, at this forthcoming AGM:

- Kong Kok Keong (Article 90(1))
- Chen Heng Mun (Article 90(1))

The Nominating Committee who is responsible for recommending to the Board those directors who are eligible for re-election has based on formal reviews and assessment of performance of the Directors, recommended to the Board on their re-election, 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 all of them had expressed their intention to seek for re-election.

At the Board meeting held on 19 October 2022, the Board approved the recommendation of the Nominating Committee on the re-election of the above two (2) Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

SECTION 2: DIRECTORS' REMUNERATION

REMUNERATION COMMITTEE

Save for Kong Kok Keong, who is a Non-Independent Non-Executive Director, the Remuneration Committee comprises entirely of Independent Non-Executive Directors and the members are as follows:

- Wong Zee Shin (Chairman)
- Datuk Yong Teck Shing, JP
- Kong Kok Keong *(appointed on 30 August 2022)*
- Ash'ari bin Ayub *(resigned on 29 August 2022)*

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 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.

DIRECTORS REMUNERATION

Details of the Directors' remuneration (including the remuneration for services rendered) and fees for the financial year ended 30 June 2022, 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	-	777.62	-	777.62	-
Ooi Boon Pin	-	-	-	-	-
Chen Heng Mun	-	305.88	-	305.88	-
Yong Nam Yun	-	-	-	-	-
Sub-total: Executive Directors	**-**	**1,083.50**	**-**	**1,083.50**	**-**

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

SECTION 2: DIRECTORS' REMUNERATION (CONT'D)

DIRECTORS REMUNERATION (CONT'D)

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

	Fees	Remuneration	Meeting allowances	Total	Benefits- in-kind
Non-Executive Directors					
Kong Kok Keong	42.00	-	2.5	44.50	-
Ash'ari Bin Ayub *(resigned on 29 August 2022)*	42.00	-	2.5	44.50	-
Wong Zee Shin	42.00	-	2.5	44.50	-
Datuk Yong Teck Shing, JP	42.00	-	2.5	44.50	-
Sub-total: Non-Executive Directors	**168.00**	**-**	**10.0**	**178.00**	**-**
Total	**168.00**	**1,083.50**	**10.0**	**1,261.50**	**-**

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	-	2,148.66	-	2,148.66	-
Ooi Boon Pin	-	1,024.05	-	1,024.05	10.63
Chen Heng Mun	3.6	781.55	-	785.15	-
Yong Nam Yun	3.6	518.39	-	521.99	-
Sub-total: Executive Directors	**7.2**	**4,472.65**	**-**	**4,479.85**	**10.63**
Non-Executive Directors					
Kong Kok Keong	42.00	-	2.5	44.50	-
Ash'ari Bin Ayub *(resigned on 29 August 2022)*	42.00	-	2.5	44.50	-
Wong Zee Shin	42.00	-	2.5	44.50	-
Datuk Yong Teck Shing, JP	42.00	-	2.5	44.50	-
Sub-total: Non-Executive Directors	**168.00**	**-**	**10.0**	**178.00**	**-**
Total	**175.20**	**4,472.65**	**10.0**	**4,657.85**	**10.63**

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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.

The Board has established an Anti-Bribery and Anti-Corruption Policy and Guidelines ("ABAC Policy") as part of the Board's commitment to prohibit bribery and corruption activity in the business conduct within the Group. The Board will monitor compliance with the ABAC Policy and review the ABAC Policy regularly or as and when required to ensure that it continues to remain relevant and appropriate guided by the Guidelines on Adequate Procedures pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 (amended 2018).

SECTION 4: PROMOTING SUSTAINABILITY

The Board has formalised and adopted a Sustainability Framework ("Sustainability Framework") on 25 August 2022, whose main objectives are:

- to ensure the policies and procedures/practices are oriented towards achieving the Group's sustainability objectives;
- adequate and standardised sustainability policies and procedures are consistently applied throughout the Group by all relevant staff;
- to ensure smooth and efficient operation and execution;
- to utilise this Sustainability Framework as a guideline for new staff; and
- serves as an up-to-date and ready reference source where there is a doubt with regards to the policies or the application of the procedures.

The Board is ultimately accountable for the Sustainability Framework, provides overall direction and oversight of all sustainability initiatives and drives the strategy for sustainability progressively. The Board's commitment to sustainability is outcome-based and founded on the belief that the Group has a responsibility for its contribution to have a lasting impact on the environment, its employees, shareholders, supply chain network and the community at large. The Board recognises that acting in a responsible and sustainable manner creates new opportunities, enhances investor value, facilitates and improves employees' job satisfaction and improves social and environmental returns. The Sustainability Framework is posted on the Company's website.

The Sustainability Statement is laid out on pages 21 to 32.

SECTION 5: SHAREHOLDERS

CORPORATE DISCLOSURE AND SHAREHOLDERS COMMUNICATION

The Board acknowledges the importance of disclosure and 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 and disclosure 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 and the Management Discussion and Analysis Section 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.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has established a risk management framework (including corruption risk) and reviews it periodically. The Statement on Risk Management and Internal Control presented on pages 46 to 47 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 43 to 45.

The above statement and the Corporate Governance Report are made in accordance with the resolution of the Board dated 19 October 2022.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE ("COMMITTEE")

The Committee comprises of the following members:

Chairman
Wong Zee Shin
(The Committee Chairman is a member of the Malaysian Institute of Accountants) — Senior Independent Non- Executive Director

Members
Datuk Yong Teck Shing, JP — Independent Non-Executive Director

Kong Kok Keong
(appointed on 30 August 2022) — Non-Independent Non-Executive Director

Ash'ari bin Ayub
(resigned on 29 August 2022) — Senior 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, which were all conducted online, for the financial year ended 30 June 2022 are as follows:

	Date of meeting	Total Committee Members	Attendance by Committee Members (Percentage of Attendance)
1.	10 September 2021	3	3 (100%)
2.	21 October 2021	3	3 (100%)
3.	29 November 2021	3	3 (100%)
4.	23 February 2022	3	3 (100%)
5.	25 May 2022	3	3 (100%)

The details of attendance by individual Committee Member for the financial year ended 30 June 2022 are as below:

	Name of Member	Total Meetings Attended	Percentage of Attendance
1.	Wong Zee Shin	5/5	100%
2.	Ash'ari bin Ayub	5/5	100%
3.	Datuk Yong Teck Shing, JP	5/5	100%

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 Tricor Axcelasia 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 36 personnel providing internal audit services and can be deployed to render internal audit services to the Group.

AUDIT COMMITTEE REPORT (CONT'D)

2. INTERNAL AUDIT FUNCTION (CONT'D)

The key personnel (and their respective qualifications) of this professional service firm are as follows:

Name	Designation	Role	Qualifications
Ranjit Singh	Regional Managing Director of Tricor Axcelasia Sdn Bhd	Engagement Service Partner	• Certified Internal Auditor ("CIA") • Certification of Risk Management Assurance ("CRMA") • Certified Public Accountant ("CPA") (M) • Chartered Accountant ("CA")
David Low	Executive Director of Tricor Axcelasia Sdn Bhd	Engagement Director	• CA • CIA

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 two (2) meetings 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 internal 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 auditors conducted four (4) 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 financial year amounted to RM66,000.

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.

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, competency, 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 19 October 2022, 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 of the Company, by the Group and by the Company for the financial year amounted to RM900,000 (out of which RM539,000 is payable to overseas affiliates of the Company's external auditors) and RM115,000 respectively whereas non-audit fees paid/payable to the Company's external auditors (and its local affiliates) by the Group and by the Company for the financial year amounted to RM39,000 and RM28,000 respectively.

AUDIT COMMITTEE REPORT (CONT'D)

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 25 August 2022. As at to-date, the audit firm has been engaged as the external auditors of the Company for 11 years whereas the audit engagement partner was recently rotated and a new audit engagement partner has been assigned to the Company during the current financial year.

- 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 and with the external auditors on 10 September 2021 and 25 May 2022, 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 (including corruption risks).

- 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 2021 ("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.

The Group has also formalised an Anti-Bribery and Anti-Corruption Policy and Guidelines ("ABAC Policy") as part of the Board's commitment to reduce bribery and corruption risks within the Group. The Management has also designed and implemented controls and action plans to address bribery and corruption 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, legal, bribery and corruption) 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 119 to 134.

The Group also maintains a database of risks, controls and action plans (including for bribery and corruption risks) 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 impact 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 their efforts 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 pages 43 to 44 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.

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 2022 and up to the date of this Statement.

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 19 October 2022.

FINANCIAL STATEMENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 9 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 9 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the year attributable to:		
Owners of the Company	16,570	5,338
Non-controlling interests	(701)	-
	15,869	5,338

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

Since the end of the previous financial year, a single tier dividend of RM0.03 per ordinary share totalling RM8,073,000 in respect of the financial year ended 30 June 2021 was paid on 26 November 2021.

On 25 August 2022, the Directors have approved and declared a single tier dividend of RM0.018 per ordinary share totalling RM4,844,000 in respect of the financial year ended 30 June 2022. The dividend will be recognised in the financial year ended 30 June 2023 and will be paid on 21 November 2023.

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
Wong Zee Shin
Datuk Yong Teck Shing, JP
Yong Nam Yun (alternate director to Kong Kok Keong)
Ash'ari bin Ayub (resigned on 29 August 2022)

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
Ang Lee Lee
Goh Min Yen
Hiew Yon Fo
Ian Wang

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

DIRECTORS OF THE SUBSIDIARIES (CONT'D)

Indra Surya Susanto
Jason Chua Joo Huang
Kee Yong Wah
Lim Beng Hong
Pang Kim Fan
Woon Wai Thong
Lee Byung Hwan
Kim Eun Sung (appointed on 7 February 2022)
Lee Chul (resigned on 7 February 2022)

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 1.7.2021	**Bought**	**Sold**	**At 30.6.2022**
Interests in the Company				
Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP				
– direct interest	54,300,870	-	-	54,300,870
Kong Kok Keong				
– direct interest	41,465,315	-	-	41,465,315
– indirect interest (a)	19,397,650	-	-	19,397,650
Ooi Boon Pin				
– direct interest	3,899,279	-	-	3,899,279
– indirect interest (b)	989,290	-	-	989,290
Chen Heng Mun				
– direct interest	93,109	-	-	93,109
– indirect interest (b)	100,235	-	-	100,235
Wong Zee Shin	966	-	-	966
Yong Nam Yun	5,926,039	-	-	5,926,039

	Number of shares			
	At 1.7.2021	**Bought**	**Sold**	**At 30.6.2022**
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

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

DIRECTORS' INTERESTS IN SHARES (CONT'D)

	Number of warrants			
	At 1.7.2021	Bought	Lapsed	At 30.6.2022
Interests in the Company				
Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP				
– direct interest	-	-	-	-
Kong Kok Keong				
– direct interest	-	-	-	-
– indirect interest [(a)]	12	-	(12)	-
Ooi Boon Pin				
– direct interest	-	-	-	-
– indirect interest [(b)]	-	-	-	-
Chen Heng Mun				
– direct interest	23,277	-	(23,277)	-
– indirect interest [(b)]	25,058	-	(25,058)	-
Wong Zee Shin	241	-	(241)	-
Yong Nam Yun	-	-	-	-

Notes:

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

(b) 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 2022 had any interest in the shares of the Company during the financial year.

Save as disclosed above, none of the Directors holding office at 30 June 2022 had any interest in the shares or options of the related corporations of the Company during the financial year.

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 shown below) 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.

The directors' benefits paid to or receivable by directors in respect of the financial year ended 30 June 2022 are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	168	7
Remuneration	1,094	3,389
Estimated money value of any other benefits	-	11
Trading between companies in which certain Directors who have substantial financial interests and certain companies in the Group in the ordinary course of business		
- Purchases	-	10
	1,262	3,417

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 warrants by the Company.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM643,646,723 to RM643,670,746, comprising 269,120,259 ordinary shares in the Company, by way of issuance of 33,364 new ordinary shares pursuant to the exercise and conversion of 33,364 of the Company's warrants at the exercise price of RM0.72 per warrant.

Save as disclosed above, there were no changes in the issued and paid-up capital of the Company during the financial year.

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 disclosed above, 33,364 of the Company's warrants were converted during the financial year. The net proceeds arising from the above exercise of the Company Warrants was RM24,022. The remaining 67,238,359 Company's warrants has since expired and lapsed on 17 December 2021.

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.

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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

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, the financial performance of the Group and the Company for the financial year ended 30 June 2022 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.

SUBSEQUENT EVENT

The significant event after the financial year is disclosed in Note 34 to the financial statements.

AUDITORS

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

The auditors' remuneration is disclosed in Note 25 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

Chen Heng Mun
Director

Kuala Lumpur,
Date: 19 October 2022

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Assets					
Property, plant and equipment	3	61,322	62,901	106	154
Right-of-use assets	4	31,342	32,238	375	568
Exploration and evaluation assets	6	114,553	103,479	-	-
Investment property	7	13,605	13,605	-	-
Intangible assets	8	26,588	27,016	-	-
Investments in subsidiaries	9	-	-	259,556	263,556
Other financial assets	10	2,215	2,151	-	-
Other investments	11	53	53	-	-
Total non-current assets		249,678	241,443	260,037	264,278
Biological assets	5	1,398	491	-	-
Inventories	13	34,784	30,987	-	-
Contract assets	14	6,939	4,504	-	-
Trade and other receivables	15	27,998	23,262	7,753	4,804
Current tax assets		791	1,471	-	-
Other investments	11	2,915	15,071	-	-
Cash and cash equivalents	16	81,742	72,973	6,480	8,269
Total current assets		156,567	148,759	14,233	13,073
Total assets		406,245	390,202	274,270	277,351
Equity					
Share capital	17.1	643,671	643,647	643,671	643,647
Reserves		(374,503)	(387,872)	(374,656)	(371,921)
Equity attributable to owners of the Company		269,168	255,775	269,015	271,726
Non-controlling interests		45,731	44,840	-	-
Total equity		314,899	300,615	269,015	271,726
Liabilities					
Loans and borrowings	18	1,550	2,627	-	-
Lease liabilities		717	822	255	496
Deferred income	19	1,602	1,873	-	-
Deferred tax liabilities	12	10,111	8,274	-	-
Total non-current liabilities		13,980	13,596	255	496
Loans and borrowings	18	7,102	10,977	-	-
Lease liabilities		1,106	1,147	241	261
Deferred income	19	271	271	-	-
Provisions	20	27,199	25,521	-	-
Trade and other payables	21	39,847	36,121	4,759	4,868
Current tax liabilities		1,841	1,954	-	-
Total current liabilities		77,366	75,991	5,000	5,129
Total liabilities		91,346	89,587	5,255	5,625
Total equity and liabilities		406,245	390,202	274,270	277,351

The notes on pages 61 to 136 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Continuing operations					
Revenue	22	184,275	161,116	8,540	5,534
Cost of sales		(133,205)	(122,935)	-	-
Gross profit		51,070	38,181	8,540	5,534
Other income		3,402	26,560	-	26,150
Administrative expenses		(29,513)	(27,622)	(3,265)	(3,159)
Distribution expenses		(602)	(462)	-	-
Other expenses		(1,854)	(2,111)	-	-
Results from operating activities		22,503	34,546	5,275	28,525
Finance income	23	725	915	93	45
Finance costs	24	(776)	(882)	(30)	(36)
Net finance (costs)/income		(51)	33	63	9
Profit before tax	25	22,452	34,579	5,338	28,534
Tax expense	26	(6,583)	(6,113)	-	-
Profit from continuing operations		15,869	28,466	5,338	28,534
Discontinued operations					
Gain on disposal of assets held for sale	11	-	1,020	-	-
Profit for the year		15,869	29,486	5,338	28,534
Other comprehensive income/(expense), net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		6,464	(4,200)	-	-
Other comprehensive income/(expense) for the year, net of tax		6,464	(4,200)	-	-
Total comprehensive income for the year		22,333	25,286	5,338	28,534

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(Loss) attributable to:					
Owners of the Company					
- from continuing operations		16,570	19,380	5,338	28,534
- from discontinued operation		-	1,020	-	-
		16,570	20,400	5,338	28,534
Non-controlling interests					
- from continuing operations		(701)	9,086	-	-
Profit for the year		15,869	29,486	5,338	28,534
Total comprehensive income attributable to:					
Owners of the Company					
- from continuing operations		21,442	16,185	5,338	28,534
- from discontinued operation		-	1,020	-	-
		21,442	17,205	5,338	28,534
Non-controlling interests					
- from continuing operations		891	8,081	-	-
Total comprehensive income for the year		22,333	25,286	5,338	28,534
Basic/Diluted earnings per ordinary share (sen):	27				
from continuing operations		6.157	7.202		
from discontinued operation		-	0.379		
		6.157	7.581		

The notes on pages 61 to 136 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

Group	Note	Share capital 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 2020		643,647	(199,192)	(205,885)	238,570	36,759	275,329
Foreign currency translation differences for foreign operations		-	(3,195)	-	(3,195)	(1,005)	(4,200)
Profit for the year		-	-	20,400	20,400	9,086	29,486
Total comprehensive (expense)/income for the year		-	(3,195)	20,400	17,205	8,081	25,286
At 30 June 2021/1 July 2021		643,647	(202,387)	(185,485)	255,775	44,840	300,615
Foreign currency translation differences for foreign operations		-	4,872	-	4,872	1,592	6,464
Profit/(Loss) for the year		-	-	16,570	16,570	(701)	15,869
Total comprehensive income/(expense) for the year		-	4,872	16,570	21,442	891	22,333
Shares issued on conversion of the Company's warrants		24	-	-	24	-	24
Dividend paid to owners of the Company	28	-	-	(8,073)	(8,073)	-	(8,073)
At 30 June 2022		643,671	(197,515)	(176,988)	269,168	45,731	314,899
		Note 17.1	Note 17.2				

Company	Note	Share capital RM'000	Fair value adjustment reserve RM'000	Accumulated losses RM'000	Total equity RM'000
		<------Attributable to owners of the Company------>			
		<-----------Non-distributable----------->			
At 1 July 2020		643,647	(83,429)	(317,026)	243,192
Profit and total comprehensive income for the year		-	-	28,534	28,534
At 30 June 2021/1 July 2021		643,647	(83,429)	(288,492)	271,726
Profit and total comprehensive income for the year		-	-	5,338	5,338
Shares issued on conversion of the Company's warrants		24	-	-	24
Dividend paid to owners of the Company	28	-	-	(8,073)	(8,073)
At 30 June 2022		643,671	(83,429)	(291,227)	269,015
		Note 17.1	Note 17.2		

The notes on pages 61 to 136 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities					
Profit before tax from:					
- continuing operations		22,452	34,579	5,338	28,534
- discontinued operation		-	1,020	-	-
		22,452	35,599	5,338	28,534
Adjustments for:					
Amortisation of customer relationships		395	395	-	-
Amortisation of development costs		33	34	-	-
Amortisation of government grant		(271)	(250)	-	-
Changes in lease payments arising from rent concessions		-	(28)	-	-
Depreciation of property, plant and equipment		7,703	8,346	66	65
Depreciation of right-of-use assets		2,542	3,245	193	269
Dividend income		-	-	(6,800)	(4,000)
Fair value changes on biological assets		(907)	(250)	-	-
Fair value changes on financial assets at fair value through profit or loss		2,420	(257)	-	-
Finance costs		776	882	30	36
Finance income		(725)	(915)	(93)	(45)
Gain on disposal of asset classified as held for sale		-	(1,020)	-	-
Gain on disposal of gold royalty		-	(22,227)	-	-
Gain on disposal of property, plant and equipment		(39)	(2,857)	-	-
Reversal of impairment loss on advances to subsidiaries		-	-	-	(26,150)
Inventories written off		266	368	-	-
Inventories written down to net realisable value		43	83	-	-
Property, plant and equipment written off		-	20	-	-
Provision for warranties (net)		80	45	-	-
Reversal of inventories written down		(40)	(57)	-	-
Unrealised foreign exchange (gain)/loss (net)		(1,736)	954	-	-
Operating profit/(loss) before changes in working capital		32,992	22,110	(1,266)	(1,291)
Change in inventories		(3,664)	(7,763)	-	-
Change in contract assets		(2,435)	870	-	-
Change in trade and other receivables		(3,111)	(5,977)	1,051	(391)
Change in trade and other payables		896	6,239	(109)	4,330
Cash generated from/(used in) operations		24,678	15,479	(324)	2,648
Employee benefit paid		(71)	(54)	-	-
Tax (paid)/refunded (net)		(4,188)	(2,482)	-	29
Warranties paid		(80)	(85)	-	-
Net cash generated from/ (used in) operating activities		20,339	12,858	(324)	2,677

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from investing activities					
Dividend received		-	-	6,800	4,000
Withdrawal of fixed deposits/deposits pledged		-	3,000	-	-
Exploration and evaluation expenditure incurred		(3,674)	(3,559)	-	-
Interest received		725	915	93	45
Proceeds from disposal of gold royalty		-	5,737	-	-
Proceeds from disposal of other investment		9,931	2,622	-	-
Proceeds from disposal of property, plant and equipment		56	8,050	-	-
Purchase of property, plant and equipment		(5,890)	(3,457)	(18)	(11)
Purchase of right-of-use assets		(59)	-	-	-
Net cash generated from investing activities		1,089	13,308	6,875	4,034
Cash flows from financing activities					
Dividends paid to shareholders		(8,073)	-	(8,073)	-
Conversion of warrants		24	-	24	-
Net repayment of borrowings		(4,952)	(3,318)	-	-
Receipt of government grant		-	905	-	-
Repayment of lease liabilities		(1,684)	(1,689)	(261)	(253)
Interest paid		(776)	(882)	(30)	(36)
Net cash used in financing activities		(15,461)	(4,984)	(8,340)	(289)
Net increase/(decrease) in cash and cash equivalents		5,967	21,182	(1,789)	6,422
Effect of exchange rate fluctuations on cash and cash equivalents		2,802	(922)	-	-
Cash and cash equivalents at beginning of the year		72,973	52,713	8,269	1,847
Cash and cash equivalents at end of the year	16	81,742	72,973	6,480	8,269

Purchase of right-of-use assets

During the financial year, the Group purchased right-of-use assets with an aggregate cost of RM1,595,000 (2021: RM Nil), of which RM1,536,000 (2021: RM Nil) was acquired through entering into lease contracts.

Cash outflows for leases as a lessee

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases	25	229	165	6	4
Payment relating to leases of low-value assets	25	13	13	5	5
Included in net cash from financing activities:					
Interest paid in relation to lease liabilities	24	90	181	30	36
Payment of lease liabilities		1,684	1,689	261	253
Total cash outflows for leases		2,016	2,048	302	298

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

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

	At 1.7.2020 RM'000	Net changes from financing cash flows RM'000	Other changes RM'000	At 30.6.2021/ 1.7.2021 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Other changes RM'000	At 30.6.2022 RM'000
Group								
Term loans	6,687	(2,979)	-	3,708	(1,080)	-	-	2,628
Trade financing	9,951	(55)	-	9,896	(3,872)	-	-	6,024
Lease liabilities	3,695	(1,689)	(37)	1,969	(1,684)	1,536	2	1,823
Murabahah capital financing	284	(284)	-	-	-	-	-	-
Total liabilities from financing activities	20,617	(5,007)	(37)	15,573	(6,636)	1,536	2	10,475
Company								
Lease liabilities	1,010	(253)	-	757	(261)	-	-	496

The notes on pages 61 to 136 are an integral part of these financial statements.

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 2022 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 30 June 2022 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 9 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 19 October 2022.

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, interpretations and amendments 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 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 July 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022.

- from the annual period beginning on 1 July 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023.

The initial application of the abovementioned accounting standards and amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(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 - extension options and incremental borrowing rate in relation to leases
- Note 5 - fair value of biological assets
- Note 6 - impairment assessment on exploration and evaluation assets
- Note 8 - impairment assessment on intangible assets
- Note 9 - impairment assessment on investments in subsidiaries
- Note 12 - deferred tax assets and liabilities
- Note 13 - valuation of inventories
- Note 20 - provisions

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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 the Group entities, unless otherwise stated.

(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) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group's equity and any resulting gain or loss is recognised directly in equity.

(v) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Significant accounting policies (Cont'd)

(c) Financial instruments

(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.

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.

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.

(ii) Financial instrument categories and subsequent measurement

Financial assets

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(n)(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.

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(n)(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

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.

(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.

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.

(iv) 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.

(v) 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Significant accounting policies (Cont'd)

(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. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

• 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Significant accounting policies (Cont'd)

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Company are lessees, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonably certain not to terminate early.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Significant accounting policies (Cont'd)

(e) Leases (Cont'd)

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

(a) As a lessee (Cont'd)

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Covid-19-related rent concessions

The Group and the Company have applied in the previous financial year, Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions.* The Group and the Company apply the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the Covid-19 pandemic are lease modifications. The Group and the Company apply the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group and the Company choose not to apply the practical expedient, or that do not qualify for the practical expedient, the Group and the Company assess whether there is a lease modification.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Significant accounting policies (Cont'd)

(f) 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.

(g) 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.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Significant accounting policies (Cont'd)

(h) Intangible assets (Cont'd)

(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.

(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.

(i) Investment property

Investment property carried at fair value

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Significant accounting policies (Cont'd)

(i) Investment property (Cont'd)

Investment property carried at fair value (Cont'd)

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(j) 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.

(k) 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.

(l) 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(n)(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.

(m) 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Significant accounting policies (Cont'd)

(n) Impairment

(i) Financial assets

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 by assessing the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable.

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.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, deferred tax assets, investment property measured at fair value and non-current asset classified as held for sale) 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Significant accounting policies (Cont'd)

(n) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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.

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.

(o) 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.

(p) 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Significant accounting policies (Cont'd)

(p) Employee benefits (Cont'd)

(i) Short term employee benefits (Cont'd)

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.

(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.

(q) 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Significant accounting policies (Cont'd)

(q) Provisions (Cont'd)

(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.

(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.

(r) Revenue and other income

(i) Revenue from contracts with customers

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.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Significant accounting policies (Cont'd)

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

(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 "revenue".

(iii) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

(iv) Interest income

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

(v) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(s) 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.

(t) 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Significant accounting policies (Cont'd)

(t) Income tax (Cont'd)

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Significant accounting policies (Cont'd)

(x) Fair value measurements (Cont'd)

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 2020	3,000	24,807	45,211	7,754	5,568	2,150	36,931	178	125,599
Additions	-	73	2,501	632	123	-	-	128	3,457
Disposals	(3,000)	(2,687)	-	-	-	-	-	-	(5,687)
Written off	-	-	-	(888)	(221)	(11)	-	-	(1,120)
Reclassification	-	73	80	-	-	-	-	(153)	-
Transfer from right-of-use assets	-	-	-	-	-	556	-	-	556
Effect of movements in exchange rates	-	146	667	8	64	10	-	1	896
At 30 June 2021/1 July 2021	-	22,412	48,459	7,506	5,534	2,705	36,931	154	123,701
Additions	-	10	4,762	80	541	11	-	486	5,890
Disposals	-	-	-	-	(35)	(677)	-	-	(712)
Written off	-	-	(714)	-	(471)	-	-	-	(1,185)
Reclassification	-	-	114	-	-	-	-	(114)	-
Transfer from right-of-use assets	-	-	-	-	-	133	-	-	133
Effect of movements in exchange rates	-	280	1,126	(3)	10	21	-	5	1,439
At 30 June 2022	-	22,702	53,747	7,583	5,579	2,193	36,931	531	129,266

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

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
Depreciation and accumulated losses									
At 1 July 2020									
Accumulated depreciation	-	3,938	28,970	2,524	1,650	1,083	12,115	-	50,280
Accumulated impairment losses	-	-	636	1,417	255	-	-	-	2,308
	-	3,938	29,606	3,941	1,905	1,083	12,115	-	52,588
Depreciation for the year	-	743	4,846	109	783	186	1,679	-	8,346
Disposals	-	(494)	-	-	-	-	-	-	(494)
Written off	-	-	-	(868)	(221)	(11)	-	-	(1,100)
Transfer from right-of-use assets	-	-	-	-	-	418	-	-	418
Effect of movements in exchange rates	-	174	783	9	64	12	-	-	1,042
At 30 June 2021/1 July 2021									
Accumulated depreciation	-	4,361	34,599	1,774	2,276	1,688	13,794	-	58,492
Accumulated impairment losses	-	-	636	1,417	255	-	-	-	2,308
	-	4,361	35,235	3,191	2,531	1,688	13,794	-	60,800
Depreciation for the year	-	691	4,201	18	754	360	1,679	-	7,703
Disposals	-	-	-	-	(18)	(677)	-	-	(695)
Written off	-	-	(714)	-	(471)	-	-	-	(1,185)
Transfer from right-of-use assets	-	-	-	-	-	78	-	-	78
Effect of movements in exchange rates	-	190	1,032	(3)	7	17	-	-	1,243
At 30 June 2022									
Accumulated depreciation	-	5,242	39,118	1,789	2,548	1,466	15,473	-	65,636
Accumulated impairment losses	-	-	636	1,417	255	-	-	-	2,308
	-	5,242	39,754	3,206	2,803	1,466	15,473	-	67,944
Carrying amounts									
At 1 July 2020	3,000	20,869	15,605	3,813	3,663	1,067	24,816	178	73,011
At 30 June 2021	-	18,051	13,224	4,315	3,003	1,017	23,137	154	62,901
At 30 June 2022	-	17,460	13,993	4,377	2,776	727	21,458	531	61,322

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 2020	218	104	322
Additions	11	-	11
At 30 June 2021/1 July 2021	229	104	333
Additions	18	-	18
At 30 June 2022	247	104	351
Accumulated depreciation			
At 1 July 2020	92	22	114
Depreciation for the year	43	22	65
At 30 June 2021/1 July 2021	135	44	179
Depreciation for the year	45	21	66
At 30 June 2022	180	65	245
Carrying amounts			
At 1 July 2020	126	82	208
At 30 June 2021	94	60	154
At 30 June 2022	67	39	106

3.1 Security

At 30 June 2022, the property, plant and equipment of the Group with the following carrying amounts are charged to financial institutions as security for certain credit facilities and borrowings of the Group as disclosed in Note 18:

	Group 2022 RM'000	Group 2021 RM'000
Carrying amounts		
Buildings	3,795	3,928
Plant and machinery	-	3,621
Bearer plants	21,392	23,136
	25,187	30,685

3.2 Building subject to operating lease

The Group leases one of its buildings with a carrying amount of RM1,799,000 (2021: RM1,853,000) to a third party. The lease contains an initial non-cancellable period of 3 years. Subsequent renewal is negotiated with the lessee.

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

3.2 Building subject to operating lease (Cont'd)

The Group generally does not require a financial guarantee on the lease arrangement. Nevertheless, the Group requires two months of advanced rental payments from the lessee. This lease does not include residual value guarantee.

The following are recognised in profit or loss:

	Group	
	2022 RM'000	**2021 RM'000**
Lease income	394	394

The operating lease payments to be received are as follows:

	Group	
	2022 RM'000	**2021 RM'000**
Less than one year	198	394
One to two years	-	198
Total undiscounted lease payments	198	592

4. Right-of-use assets

Group	**Land RM'000**	**Buildings RM'000**	**Office equipment RM'000**	**Motor vehicles RM'000**	**Total RM'000**
At 1 July 2020	32,110	2,711	66	894	35,781
Depreciation	(1,016)	(1,787)	(19)	(423)	(3,245)
Transfer to property, plant and equipment	-	-	-	(138)	(138)
Effect of movements in exchange rates	(143)	-	-	(17)	(160)
At 30 June 2021/1 July 2021	30,951	924	47	316	32,238
Addition	-	844	-	751	1,595
Depreciation	(986)	(1,346)	(47)	(163)	(2,542)
Transfer to property, plant and equipment	-	-	-	(55)	(55)
Effect of movements in exchange rates	102	-	-	4	106
At 30 June 2022	30,067	422	-	853	31,342

Company	**Building RM'000**	**Motor vehicles RM'000**	**Total RM'000**
At 1 July 2021	484	353	837
Depreciation	(126)	(143)	(269)
At 30 June 2021/1 July 2021	358	210	568
Depreciation	(127)	(66)	(193)
At 30 June 2022	231	144	375

The Group leases a number of properties for office, factory and warehouse usage that run between 19 months and 72 months and in some cases, with an option to renew the lease after that date. The Group also leases computer and motor vehicles.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

4. Right-of-use assets (Cont'd)

4.1 Extension options

Some leases of buildings contain extension options exercisable by the Group and by the Company up to three years before the end of the non-cancellable contract period. Where practicable, the Group and the Company seek to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and by the Company and not by the lessors. The Group and the Company assess at lease commencement whether it is reasonably certain to exercise the extension options. The Group and the Company reassess whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The extension options of all leases are currently included in the lease term as the Group and the Company assessed that it is reasonably certain to exercise the extension options, which is supported by the high historical rate of extensions exercised by the Group and by the Company. Hence, as at 30 June 2022, there are no potential future lease payments not included in lease liabilities.

4.2 Significant judgements and assumptions in relation to leases

The Group and the Company assess at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group and the Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.3 Security

At 30 June 2022, the land of the Group with a carrying amount of RM20,986,000 (2021: RM21,904,000) is charged to financial institutions as security for borrowings of the Group as disclosed in Note 18.

5. Biological assets

	Group	
	2022 RM'000	**2021 RM'000**
At fair value	1,398	491

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

Analysis of the biological assets

	Group	
	2022	**2021**
Planted area (in hectares)		
Mature	821	817
Immature	2	6
	823	823
Output harvested		
Oil palm fresh fruit bunches (in metric ton)	11,676	11,059
Fair value less costs to sell (in RM'000)	12,537	7,169

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. Biological assets (Cont'd)

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	
	2022	**2021**
	RM'000	**RM'000**
At beginning of the year	491	241
Net change in fair value	907	250
At end of the year	1,398	491

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 5 to 26 years old.

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

(a) Valuation of the 2 months of FFB prior to harvest;

(b) FFB valuation was based on the actual contracted FFB unit price for the 2 months subsequent to the period end; and

(c) Cost of production were based on the pro-rated actual costs incurred for the 2 months subsequent to the period end.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. Biological assets (Cont'd)

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.

6. Exploration and evaluation assets

Group	Exploration expenditure RM'000
At 1 July 2020	103,598
Effect of movements in exchange rates	(3,678)
Additions	3,559
At 30 June 2021/1 July 2021	103,479
Effect of movements in exchange rates	7,400
Additions	3,674
At 30 June 2022	114,553

Exploration and evaluation assets principally comprise exploration and evaluation related costs incurred by NuEnergy Gas Limited ("NuEnergy") for several coal bed methane ("CBM") Production Sharing Contracts ("PSC") in Indonesia, with the following carrying amounts:

	2022 RM'000	2021 RM'000
Tanjung Enim PSC	36,140	31,831
Muara Enim PSC	66,378	61,937
Muralim PSC	12,035	9,711
	114,553	103,479

The exploration and evaluation assets are not amortised as the Production Sharing Contracts ("PSC")s have not commenced commercial production during the financial year.

Tanjung Enim PSC

The Indonesian Ministry of Energy and Mineral Resources ("MEMR") has on 17 June 2021, approved NuEnergy's first Plan of Development ("POD") for the Tanjung Enim PSC under a gross split scheme (referred to as Tanjung Enim POD 1) which will allow the project to proceed to field development and surface facility construction. NuEnergy shall carry out the operations and commercial development of the Tanjung Enim POD 1 singly and exclusively. The approval of the Tanjung Enim POD 1 also represents the first CBM POD in Indonesia.

The Tanjung Enim POD 1 approval covers the development in two target areas, in the north and south of the contract area covering approximately 33km^2 (or 13% of the total acreage of the Tanjung Enim PSC) where the Indonesia Research and Development Center for Oil and Gas Technology has confirmed and certified reserves totalling approximately 164.89 Bscf in these areas.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. Exploration and evaluation assets (Cont'd)

Tanjung Enim PSC

NuEnergy has advanced its discussions and negotiations on future gas sales through gas pipeline with PT Pertamina Gas and several other potential gas buyers for compressed natural gas and liquefied natural gas, that is expected to culminate in formal gas sales agreements between the parties. NuEnergy has received the Seller Appointment Letter from the Indonesian Special Taskforce for Upstream Oil & Gas Business Activities ("SKK Migas") that formally authorises and appoints NuEnergy to sell CBM produced from the Tanjung Enim PSC on SKK Migas's behalf.

During the financial year, NuEnergy continues to focus on executing its POD 1 with discussions carried out with several other parties which includes SKK Migas, MEMR and several gas gathering facility providers. In addition, NuEnergy is also progressing on the necessary environmental impact studies as required under the POD 1. The detailed framework and scope of the environmental impact studies which has been discussed and agreed between the appointed consultant and the regulatory authority/commission had been submitted to the Ministry of Forest and Environment of Indonesia. Stakeholders' engagement comprising mainly villagers in the vicinity of the POD 1 area, and local government bodies, in respect of environmental impact studies on their lives and livelihoods have already been completed. In addition, field samples of the environment around the POD 1 area have been collected for the purpose of preparing the technical report related to pollution control in respect of air, water and emissions. NuEnergy has also received technical proposals from shortlisted engineering companies for the front-end engineering design ("FEED") studies for its POD 1. The FEED study is expected to commence in the second half of 2022.

Muara Enim PSC

NuEnergy has via a letter dated 6 February 2020, been granted an additional exploration period of until 19 January 2021, from MEMR through SKK Migas to compile all geological and reservoir data, including all exploration/production data. This compilation has been completed and submitted to SKK Migas and NuEnergy has since received an acknowledgement letter from SKK Migas.

The acknowledgement letter:

i) confirms the discoveries of natural gas;

ii) acknowledges the completion of exploration firm commitments by NuEnergy; and

iii) allows NuEnergy to submit a plan of development within the next 3 years from 18 January 2021.

Muralim PSC

In June 2021, approval of an additional exploration time was granted by the MEMR for the Muralim PSC for a period of 12 months from 8 May 2021. The additional time was utilised to complete the exploration and production testing activities on MU-005 (twin) well. NuEnergy has successfully completed permeability tests and drilled to the targeted depth of 724 meters in vertical depth, at the MU-005 (Twin) well. Four coal seam formations were confirmed between the depth of 547 meters to 669 meters. Production testing/Dewatering process was temporarily suspended during the financial year, pending the necessary permit being issued by Ministry of Environment of Indonesia due to the latest revised environmental regulation issued in September 2021. NuEnergy obtained the environmental permit in January 2022 and with the approval, NuEnergy is able to continue the dewatering process to determine the gas productivity for future development. However, due to COVID-19 lockdowns imposed in the supplier's country, NuEnergy has only in end June 2022, received the necessary equipment to recommence the dewatering process. On 1 August 2022, MEMR via SKK Migas has approved an additional exploration period until 18 July 2023.

To date, there are a total of six wells that have been previously drilled in the Muralim PSC. Together with Tanjung Enim PSC and Muara Enim PSC, NuEnergy's strategy is to create a large size CBM development in Indonesia.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. Exploration and evaluation assets (Cont'd)

Impairment assessment

Tanjung Enim PSC

As mentioned above, NuEnergy has obtained the approval for its plan of development for its Tanjung Enim PSC POD 1 on 17 June 2021. In 2020, NuEnergy in its impairment assessment of its exploration and evaluation assets has engaged an independent professional valuer in determining the recoverable amounts of its PSCs. In accordance to valuation guidance provided under the Society of Petroleum Engineers' internationally recognised Petroleum Management System and Section 8.3 of the VALMIN Code, 2015 Edition, "Appropriate Valuation Approach", Table 1, and as the Tanjung Enim PSC is a development-ready asset (as defined by the VALMIN Code), the valuation methodologies applicable to the Tanjung Enim PSC, shall be the Income-based Approach and/or Market-based Approach. Since Tanjung Enim PSC's POD 1 is the first CBM development in Indonesia, there are no market comparable transactions that can be used to perform the valuation for Tanjung Enim PSC. All other CBM assets in Indonesia are still under exploration phase. Therefore, only the Income-based approach is considered in the valuation. The Income-based approach uses discounted cash flow model, which is the value in use of the Tanjung Enim PSC, to derive the recoverable amount of the Tanjung Enim PSC and the Board is of the view that there is no significant change in that recoverable amount as at 30 June 2022 as there has not been any substantial changes in the assumptions since 30 June 2021.

As at 30 June 2022, the recoverable amount of the Tanjung Enim PSC was higher than its carrying amount and hence, no impairment loss was recognised. The Board is of the opinion that the following key assumptions used in the above valuation report in arriving at the recoverable amount are still fair and reasonable:

- Gas sales price of US$5.4/MMBTU over the life of the model has been determined based on the current market gas price in the area of about US$6/MMBTU and after discussion with the authorities. The final gas price will be dependent on the prevailing market condition at the time when gas sale agreements are concluded;

- Amount of recoverable reserves/resources and forecasted production quantities over identified time periods totalling 130.9 bcf are supported by a reservoir study, reserves and production rates certified by geologists and experts;

- The estimated costs and schedules associated with the PSCs to develop, recover, and produce the quantities, including abandonment, decommissioning, and restoration (ADR) costs costing are based on past experience/records and quotations from vendors and comparisons made with existing third party PSCs;

- The project life/forecast period of financial year 2022 to financial year 2039 refers to the remaining contract period together with the recoverable reserves/resources and production rates; and

- Post-tax discount rate of 10% 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.

Muara Enim and Muralim PSCs

Recoverability of the carrying amount of these PSCs are dependent on the successful development and commercial exploitation, or sale of CBM. Management has obtained external valuation reports for the Muara Enim and Muralim PSC as at 30 June 2020 assessed using a market based and cost valuation approach. The Board is of the opinion that the basis and assumptions used in the said valuation reports are still relevant and support the carrying value of these PSCs.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. Investment property

Group	RM'000
At 1 July 2020/30 June 2021/1 July 2021/30 June 2022	13,605

Investment property comprises a vacant land held for investment for capital gain and/or future development potential.

There are no direct operating expenses recognised in profit or loss in respect of investment property during the financial year.

Fair value information

Fair value of investment property is categorised as Level 3.

Level 3 fair value

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

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sales comparison approach: Sales price of comparable land in close proximity are adjusted for differences in key attributes such as land size. The most significant input into this valuation approach is price per square metres.	Price per square metres (2022: RM1,905 - RM2,820; 2021: RM1,905 - RM2,820).	The estimated fair value would increase/(decrease) if the price per square metre is higher/(lower).

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment property is determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

8. Intangible assets

Group	Goodwill RM'000	Customer relationships RM'000	Development costs RM'000	Total RM'000
Cost				
At 1 July 2020/30 June 2021/ 1 July 2021/30 June 2022	95,141	31,499	2,776	129,416

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. Intangible assets (Cont'd)

Group	Goodwill RM'000	Customer relationships RM'000	Development costs RM'000	Total RM'000
Amortisation and impairment loss				
At 1 July 2020				
Accumulated amortisation	-	5,291	2,642	7,933
Accumulated impairment loss	72,959	21,079	-	94,038
	72,959	26,370	2,642	101,971
Amortisation for the year	-	395	34	429
At 30 June 2021/1 July 2021				
Accumulated amortisation	-	5,686	2,676	8,362
Accumulated impairment loss	72,959	21,079	-	94,038
	72,959	26,765	2,676	102,400
Amortisation for the year	-	395	33	428
At 30 June 2022				
Accumulated amortisation	-	6,081	2,709	8,790
Accumulated impairment loss	72,959	21,079	-	94,038
	72,959	27,160	2,709	102,828
Carrying amounts				
At 1 July 2020	22,182	5,129	134	27,445
At 30 June 2021/1 July 2021	22,182	4,734	100	27,016
At 30 June 2022	22,182	4,339	67	26,588

8.1 Amortisation

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

8.2 Impairment testing for CGUs containing customer relationships and goodwill

For the purpose of impairment testing, goodwill of RM22,182,000 (2021: RM22,182,000) and customer relationships of RM4,339,000 (2021: RM4,734,000) are allocated to the Integrated Manufacturing Services ("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 prior years.

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 of the IMS segment was determined based on the higher of its fair value less costs to sell ("FVLCTS") and VIU. As the recoverable amount of the IMS segment was higher than its carrying amount, no impairment loss was recognised for the current and previous 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 2022 and the 5-year business plan approved by the Board of Directors.

- The anticipated annual revenue growth included in the cash flows projections was 4% for the year 2023 and 5% for the years from 2024 to 2027 (2021: 31% for the year 2022 and 5% for the years from 2023 to 2026). The projected sales by management is conservative and is lower than the historical sales.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. Intangible assets (Cont'd)

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

- Cash flows for more than 5 years were extrapolated using a constant terminal growth rate of 4% (2021: 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.
- Post-tax discount rate of 11% (2021: 12%) 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 (RM10,343,000)/RM13,768,000.

(b) an increase/(decrease) of a one percentage point in terminal growth rate used would have increased/(decreased) the recoverable amount by approximately RM7,948,000/(RM10,585,000).

9. Investments in subsidiaries

	Company	
	2022 RM'000	2021 RM'000
Cost of investment	474,585	474,585
Less: Impairment loss	(259,765)	(259,765)
	214,820	214,820
Advances to subsidiaries*	65,678	69,678
Less: Impairment loss	(20,942)	(20,942)
	44,736	48,736
	259,556	263,556

* 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.

In 2021, due to a significant increase in share price of a listed subsidiary, the Company reassessed its estimates and reversed part of the initially recognised impairment. The reversal of impairment loss on the advances to subsidiaries of RM26,150,000 was recognised in other income in the statement of the profit or loss and other comprehensive income as the recoverable amounts of the subsidiaries were higher than their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. 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 the recoverable amounts of the subsidiaries were higher than their carrying amounts, no impairment loss was recognised for the current and previous financial years. 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 2022 and the 5-year business plan approved by the Board of Directors.
- The anticipated annual revenue growth included in the cash flows projections was between 5% and 26% for the years from 2023 to 2027 (2021: 5% and 31% for the years from 2022 to 2026) 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 4% (2021: 4%) 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.
- Post-tax discount rate of 6% to 11% (2021: 7% to 12%) 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 (RM63,800,000)/RM160,445,000.

(b) an increase/(decrease) of a one percentage point in terminal growth rate used would have increased/(decreased) the recoverable amount by approximately RM146,294,000/(RM57,066,000).

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 2022	2021
			%	%
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
New Century Energy Services Sdn Bhd (2)	Malaysia	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. 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 2022	2021
			%	%
Globaltec Energy Resources Sdn Bhd ("GER") (1)	Malaysia	Investment holding	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
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
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) (5)	Indonesia	Dormant	-	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	100% 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 in 2019. An appeal against the termination is ongoing.	52	52

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. 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 2022 %	2021 %
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
Globaltec International 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
Subsidiary of Prodelcon Sdn Bhd				
Globaltec Development Sdn Bhd *(formerly known as GFB Technology Sdn Bhd)* (2)	Malaysia	Investment holding	100	100
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
Autoventure Corporation Sdn Bhd (2)	Malaysia	Dormant	100	100
GFB Healthcare Sdn Bhd (2)	Malaysia	Dormant	70	70
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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. Investments in subsidiaries (Cont'd)

(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 KPMG PLT.*

(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) *This dormant subsidiary has been de-registered during the year.*

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

Non-controlling interests in subsidiaries

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

2022	**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	40,468	5,263	45,731
(Loss)/Profit allocated to NCI	(1,897)	1,198	(701)

Summarised financial information before intra-group elimination

	NuEnergy Group* RM'000
As at 30 June	
Non-current assets	116,767
Current assets	12,818
Current liabilities	(47,115)
Non-controlling interests	(1,273)
Net assets attributable to owners of the Company	81,197
Year ended 30 June	
Revenue	-
Loss for the year	(4,917)
Cash flows used in operating activities	(846)
Cash flows from investing activities	6,256
Cash flows from financing activities	-
Effect of exchange rate fluctuations	74
Net increase in cash and cash equivalents	5,484

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. Investments in subsidiaries (Cont'd)

Non-controlling interests in subsidiaries (Cont'd)

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

2021	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	39,677	5,163	44,840
Profit/(Loss) allocated to NCI	9,864	(778)	9,086

Summarised financial information before intra-group elimination

	NuEnergy Group* RM'000
As at 30 June	
Non-current assets	105,630
Current assets	20,555
Current liabilities	(44,346)
Non-controlling interests	(333)
Net assets attributable to owners of the Company	81,506
Year ended 30 June	
Revenue	-
Profit for the year	20,438
Cash flows used in operating activities	(2,265)
Cash flows from investing activities	5,135
Cash flows from financing activities	1,552
Effect of exchange rate fluctuations	83
Net increase in cash and cash equivalents	4,505

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

10. Other financial assets

	Group 2022 RM'000	Group 2021 RM'000
Non-current		
At amortised cost		
- Term deposits	2,215	2,151

The term deposits are placed with financial institutions to procure performance bond guarantees that were issued to the Government of Indonesia in regards to the PSCs to guarantee the firm commitments that are required to be completed by the Group during the exploration period. The term deposits are placed for a minimum period of two years or until the performance bond guarantee are withdrawn and the effective interest rate is 0.035% (2021: 0.035%) per annum.

11. Other investments

Group	Quoted in Malaysia Shares RM'000	Quoted outside Malaysia Shares RM'000	Club membership RM'000	Total RM'000
2022				
Non-Current				
Fair value through profit or loss	-	-	53	53
Current				
Fair value through profit or loss	175	2,740	-	2,915
	175	2,740	53	2,968
2021				
Non-Current				
Fair value through profit or loss	-	-	53	53
Current				
Fair value through profit or loss	211	14,860	-	15,071
	211	14,860	53	15,124

In 2021:

i) NuEnergy and its subsidiary, Sheraton Pines Pty Ltd ("Sheraton") had entered into a conditional Royalty Purchase and Sale Agreement ("Royalty Agreement") with Metalla Royalty & Streaming Ltd ("Metalla"), an independent party. NuEnergy and Sheraton are hereinafter collectively referred to as the "Subsidiaries". The Royalty Agreement entails the Subsidiaries' selling and assigning its royalty to Metalla for a total consideration comprised of RM5,737,000 in cash and 467,730 shares in Metalla which are listed on the TSX Venture Exchange in Canada. This disposal was completed in 2021, with a gain on disposal of RM22,227,000 and an other investment of RM16,490,000 being the fair value of the Metalla shares being recognised in the financial statements at the date of completion of the disposal.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. Other investments (Cont'd)

The gain on disposal of the royalty, in 2021, is computed as below:

	RM'000
Cash consideration (net)	5,737
Fair value of Metalla shares	16,490
Total consideration	22,227
Less: Carrying value of royalty	-
Gain on disposal of royalty	22,227

ii) NuEnergy has also written off its other investment with Nil carrying value, comprised of shares of an Australian company that has been suspended from trading, in financial year 2019 and was delisted in financial year 2021, due to its inadequate operations. This other investment was fully impaired in financial year 2019.

iii) the Group also received shares quoted and listed in Australia as consideration for the disposal of the Group's joint venture in 2021. The joint venture was classified as held for sale in 2019. The said shares had a fair value of RM1,020,000 on the date of disposal of the joint venture. The disposal of the joint venture in 2021, had the following effects to the Group.

	RM'000
Fair value of the Sprintex Shares on date of disposal of the asset held for sale	1,020
Less: Carrying value of the asset held for sale	-
Gain on disposal of asset held for sale	1,020

12. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Property, plant and equipment						
- capital allowances in excess of depreciation	-	-	(5,338)	(4,151)	(5,338)	(4,151)
- revaluation prior to MFRS adoption	-	-	(4,024)	(3,287)	(4,024)	(3,287)
- fair value of biological assets	-	-	(392)	(188)	(392)	(188)
Investment property	-	-	(319)	(319)	(319)	(319)
Contract assets	-	-	(354)	(205)	(354)	(205)
Provisions	200	155	-	-	200	155
Other items	116	-	-	(279)	116	(279)
Tax assets/(liabilities)	316	155	(10,427)	(8,429)	(10,111)	(8,274)
Set off of tax	(316)	(155)	316	155	-	-
Net tax assets/(liabilities)	-	-	(10,111)	(8,274)	(10,111)	(8,274)

12. Deferred tax assets/(liabilities) (Cont'd)

Movement in recognised temporary differences during the year

Group	At 1.7.2020 RM'000	Recognised in profit or loss (Note 26) RM'000	Translation exchange differences RM'000	At 30.6.2021/ 1.7.2021 RM'000	Recognised in profit or loss (Note 26) RM'000	Translation exchange differences RM'000	At 30.6.2022 RM'000
Property, plant and equipment							
- capital allowances in excess of depreciation	(4,750)	662	(63)	(4,151)	(1,149)	(38)	(5,338)
- revaluation prior to MFRS adoption	(2,471)	(816)	-	(3,287)	(737)	-	(4,024)
- fair value of biological assets	(58)	(130)	-	(188)	(204)	-	(392)
Investment property	(319)	-	-	(319)	-	-	(319)
Contract assets	(200)	(5)	-	(205)	(149)	-	(354)
Provisions	199	(44)	-	155	45	-	200
Other items	951	(1,282)	52	(279)	354	41	116
	(6,648)	(1,615)	(11)	(8,274)	(1,840)	3	(10,111)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

12. 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unabsorbed tax losses	73,047	73,727	290	1,486
Unabsorbed capital allowances	2,460	2,619	-	-
Other deductible temporary differences	647	564	13	8
	76,154	76,910	303	1,494

Pursuant to the current tax legislations, unabsorbed tax losses from a year of assessment of Group entities other than foreign subsidiaries can only be carried forward up to 10 (2021: 7) consecutive years of assessment ("YAs") effective from 2019. Unabsorbed tax losses of the Group and of the Company expire in the following period under the current tax legislation of Malaysia:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Expire in:				
YA 2025	-	16,042	-	198
YA 2026	-	1,873	-	505
YA 2027	-	1,777	-	783
YA 2028	14,464	651	-	-
YA 2029	1,368	-	-	-
YA 2030	1,148	-	290	-
YA 2031	1,584	-	-	-
YA 2032	147	-	-	-
	18,711	20,343	290	1,486

Unabsorbed capital allowances do not expire under the current tax legislation.

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.

13. Inventories

	Group	
	2022 RM'000	2021 RM'000
Raw materials	19,487	17,767
Work-in-progress	3,997	2,676
Finished goods	11,293	10,538
Consumable goods	7	6
	34,784	30,987
Carrying amount of inventories pledged as security for credit facilities granted to a subsidiary	4,943	4,656

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

13. Inventories (Cont'd)

	Group	
	2022	2021
	RM'000	RM'000
Recognised in profit or loss (Debit/(Credit)):		
Inventories recognised as cost of sales	86,500	80,482
Inventories written off	266	368
Inventories written down to net realisable value	43	83
Reversal of inventories written down	(40)	(57)

The inventories written off, written down to net realisable value and reversal of written down are included in cost of sales.

The management reviews for obsolescence and decline in net realisable value to below cost. This review requires judgements as it involves estimating the rate of obsolescence of the inventories. Possible changes in these estimates could result in revision to the valuation of inventories.

14. Contract assets

	Group	
	2022	2021
	RM'000	RM'000
Contract assets	6,939	4,504

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	
	2022	2021
	RM'000	RM'000
At the beginning of year	4,504	5,374
Contract assets at the beginning of the year transferred to trade receivables	(3,394)	(3,714)
Revenue recognised on work completed but not yet billed	5,829	2,844
At the end of year	6,939	4,504

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

15. Trade and other receivables

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Trade					
Trade receivables from contracts with customers		25,608	19,899	-	-
Amount due from subsidiaries	15.1	-	-	704	630
		25,608	19,899	704	630
Non-trade					
Other receivables	15.2	3,751	4,211	5	5
Less: Impairment loss		(3,286)	(3,286)	-	-
		465	925	5	5
Deposits		668	1,046	62	62
Amount due from subsidiaries	15.1	-	-	9,686	6,811
Less: Impairment loss		-	-	(2,705)	(2,705)
		-	-	6,981	4,106
Prepayments		1,257	1,392	1	1
		2,390	3,363	7,049	4,174
		27,998	23,262	7,753	4,804

15.1 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.

15.2 Other receivables

Included in the other receivables of the Group is an amount of RM3,286,000 (2021: RM3,286,000) due from a PSC partner for its cash call obligation. The amount was fully impaired in financial year 2020.

16. Cash and cash equivalents

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Deposits placed with licensed banks	28,792	34,003	3,000	3,000
Short term placement funds with approved financial institutions	9,940	9,933	2,907	5,031
Cash and bank balances	43,010	29,037	573	238
	81,742	72,973	6,480	8,269

17. Capital and reserves

17.1 Share capital

	Group and Company: Number of shares 2022 '000	Amount 2022 RM'000	Number of shares 2021 '000	Amount 2021 RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At beginning of the year	269,087	643,647	269,087	643,647
Shares issued on conversion of the Company's warrants	33	24	-	-
At end of the year	269,120	643,671	269,087	643,647

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. Capital and reserves (Cont'd)

17.1 Share capital (Cont'd)

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.

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.

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM643,646,723 to RM643,670,746, comprising 269,120,259 ordinary shares in the Company, by way of issuance of 33,364 new ordinary shares pursuant to the exercise and conversion of 33,364 of the Company's Warrants at the exercise price of RM0.72 per Warrant. The net proceeds arising from the above exercise of the Company Warrants was RM24,022. The remaining 67,238,359 Company's warrants has since expired and lapsed on 17 December 2021.

17.2 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 2020	(157,064)	(44,479)	2,351	(199,192)
Foreign currency translation differences for foreign operations	-	-	(3,195)	(3,195)
At 30 June 2021/1 July 2021	(157,064)	(44,479)	(844)	(202,387)
Foreign currency translation differences for foreign operations	-	-	4,872	4,872
At 30 June 2022	(157,064)	(44,479)	4,028	(197,515)
Company				
At 1 July 2020/30 June 2021/ 1 July 2021/30 June 2022	-	(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. Capital and reserves (Cont'd)

17.2 Other reserves (Cont'd)

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.

18. Loans and borrowings

		Group	
	Note	2022 RM'000	2021 RM'000
Non-current			
Term loans	18.1	1,550	2,627
		1,550	2,627
Current			
Term loans	18.1	1,078	1,081
Trade financing	18.2	6,024	9,896
		7,102	10,977
		8,652	13,604

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

18.1 Term loans

The term loans are secured by either single security or combination of securities, comprising land, buildings, bearer plants, plant and equipment, fixed and floating charges on certain assets as well as corporate guarantees from certain Group entities as disclosed in Notes 3 and 4.

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 the Company.

19. Deferred income

	Group	
	2022 RM'000	2021 RM'000
Non-current		
Government grant	1,602	1,873
Current		
Government grant	271	271
	1,873	2,144

A subsidiary of the Group received government grants of RM Nil (2021: RM905,000) which was conditional upon the purchase of certain plant and machinery. The subsidiary has used the plant and machinery in its operations since 2018. The grants are being amortised over the useful life of the plant and machinery. During the financial year, RM271,000 (2021: RM250,000) has been amortised and recognised as other income in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

20. Provisions

Group	Production sharing contract ("PSC") penalties RM'000	Warranties RM'000	Total RM'000
At 1 July 2020	26,265	133	26,398
Provisions made during the year	-	98	98
Provisions used during the year	-	(85)	(85)
Reversal of provision during the year	-	(53)	(53)
Effect of movements in exchange rates	(837)	-	(837)
At 30 June 2021/1 July 2021	25,428	93	25,521
Provisions made during the year	-	80	80
Provisions used during the year	-	(80)	(80)
Effect of movements in exchange rates	1,678	-	1,678
At 30 June 2022	27,106	93	27,199

PSC penalties

The provision for the penalties were provided in financial year 2019 for the Bontang Bengalon PSC and the Muara Enim II PSC based on the remaining unfulfilled obligation under the PSCs due to the expiration of the Muara Enim II PSC on 30 March 2019 and notice of termination of the Bontang Bengalon PSC received from SKK Migas on 23 August 2019.

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.

21. Trade and other payables

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Trade					
Trade payables		15,599	14,888	-	-
Amount due to affiliated company	21.1	145	240	-	-
		15,744	15,128	-	-
Non-trade					
Accrued expenses		10,318	7,714	251	340
Employee benefits liabilities	21.2	3,832	3,383	-	-
Other payables		9,953	9,896	-	-
Amount due to subsidiaries	21.3	-	-	4,508	4,528
		24,103	20,993	4,759	4,868
		39,847	36,121	4,759	4,868

21.1 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

21. Trade and other payables (Cont'd)

21.2 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.

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	
	2022 RM'000	**2021 RM'000**
Balance at beginning of the year	3,383	3,861
Included in profit or loss		
Current service cost	268	259
Actuarial changes	(89)	(59)
Past service cost	-	(704)
Remeasurement	-	(2)
Interest cost	218	261
	397	(245)
Benefit payment	(71)	(54)
Effect of movements in exchange rate	123	(179)
	449	(478)
Balance at end of the year	3,832	3,383

Actuarial assumptions

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

	Group	
	2022	**2021**
Discount rate	4.27% - 7.78%	3.70% - 7.87%
Future salary growth	5.0%	5.0%
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)

21. Trade and other payables (Cont'd)

21.3 Amount due to subsidiaries

The non-trade amount due to subsidiaries represented advances received which is unsecured, interest free and repayable on demand.

22. Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers	183,881	160,722	1,740	1,534
Other revenue				
- Dividend income	-	-	6,800	4,000
- Rental income	394	394	-	-
Total revenue	184,275	161,116	8,540	5,534

22.1 Disaggregation of revenue

Revenue from contracts with customers of the Company consists of management fee income received/ receivable from certain subsidiaries based in Malaysia which is recognised in profit or loss over time when services are rendered. Payment is generally received within 60 to 90 days from invoice date.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

22. Revenue (Cont'd)

22.1 Disaggregation of revenue (Cont'd)

Group	Reportable segments							
	Integrated manufacturing services		Resources		Investment holding		Total	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Primary geographical markets								
Malaysia	69,409	79,567	12,537	7,169	-	-	81,946	86,736
Indonesia	54,734	39,922	-	-	-	-	54,734	39,922
Singapore	21,912	20,202	-	-	-	-	21,912	20,202
Thailand	13,533	3,325	-	-	-	-	13,533	3,325
The People's Republic of China	4,838	2,495	-	-	-	-	4,838	2,495
United States of America	3,580	5,202	-	-	-	-	3,580	5,202
Other countries	3,338	6,165	-	-	-	-	3,338	2,840
	171,344	153,553	12,537	7,169	-	-	183,881	160,722
Major products and services lines								
Automotive parts and accessories	53,387	60,404	-	-	-	-	53,387	60,404
Precision stamping and tooling	54,734	39,922	-	-	-	-	54,734	39,922
Precision machining and automation systems	63,223	53,227	-	-	-	-	63,223	53,227
Fresh fruit bunches	-	-	12,537	7,169	-	-	12,537	7,169
	171,344	153,553	12,537	7,169	-	-	183,881	160,722
Timing of recognition								
At a point in time	136,448	125,280	12,537	7,169	-	-	148,985	132,449
Overtime	34,896	28,273	-	-	-	-	34,896	28,273
	171,344	153,553	12,537	7,169	-	-	183,881	160,722
Revenue from contracts with customers	171,344	153,553	12,537	7,169	-	-	183,881	160,722
Other revenue	394	394	-	-	-	-	394	394
Total revenue	171,738	153,947	12,537	7,169	-	-	184,275	161,116

22. Revenue (Cont'd)

22.2 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.
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.

22.3 Transaction price allocated to the remaining performance obligations

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. Finance income

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income of financial assets calculated using the effective interest method that are at amortised cost	725	915	93	45

24. Finance costs

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Term loans	134	263	-	-
- Trade financing facilities	552	436	-	-
- Bank overdraft	-	2	-	-
	686	701	-	-
Interest expense on lease liabilities	90	181	30	36
	776	882	30	36

25. Profit before tax

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax is arrived at after charging/ (crediting):				
Auditors' remunerations				
Audit fees:				
- KPMG PLT	361	358	115	115
- Overseas affiliates of KPMG PLT	539	578	-	-
- Other auditors	92	97	-	-
Non-audit fees:				
- KPMG PLT	20	20	20	20
- Local affiliates of KPMG PLT	19	19	8	8
Material expenses/(income)				
Amortisation of government grant	(271)	(250)	-	-
Amortisation of customer relationships	395	395	-	-
Amortisation of development costs	33	34	-	-
Changes in lease payments arising from rent concessions	-	(28)	-	-
Depreciation of property, plant and equipment	7,703	8,346	66	65
Depreciation of right-of-use assets	2,542	3,245	193	269
Fair value changes on biological assets	(907)	(250)	-	-
Fair value changes on financial assets at fair value through profit or loss	2,420	(257)	-	-
Gain on disposal of gold royalty	-	(22,227)	-	-
Gain on disposal of property, plant and equipment	(39)	(2,857)	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. Profit before tax (Cont'd)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Material expenses/(income) (Cont'd)				
Inventories written off	266	368	-	-
Inventories written down to net realisable value	43	83	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	2,294	2,296	217	189
- Wages, salaries and others (Note a)	29,745	29,039	1,714	1,579
- Expenses related to defined benefit plans (net)	397	(245)	-	-
Property, plant and equipment written off	-	20	-	-
Provision for warranties (net)	80	45	-	-
Royalty expense	165	99	-	-
Realised foreign exchange (gain)/loss (net)	(473)	338	-	-
Reversal of inventories written down (40)	(57)	-	-	
Reversal of impairment loss on advances to subsidiaries	-	-	-	(26,150)
Unrealised foreign exchange (gain)/loss (net)	(1,736)	954	-	-
Expenses arising from leases				
Expenses relating to short-term leases (Note b)	229	165	6	4
Expenses relating to leases of low-value assets (Note b)	13	13	5	5

Note a
Certain subsidiaries of the Group were entitled to a wage subsidy programme introduced by the government of Malaysia in response to the Covid-19 pandemic. The wage subsidy of the Group amounting to RM175,000 (2021: RM423,000) was recognised in profit or loss as a deduction against personnel expenses.

Note b
The Group or the Company leases a number of properties, office and factory equipment with contract terms of not more than 1 year. These leases are short-term and/or leases of low-value items. The Group or the Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

26. Tax expense

Recognised in profit or loss

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Income tax expense				
Malaysian - current year	4,656	2,978	-	-
- prior years	(1,384)	559	-	-
Overseas - current year	1,471	961	-	-
Total current tax expenserecognised in profit or loss	4,743	4,498	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

26. Tax expense (Cont'd)

Recognised in profit or loss (Cont'd)

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax expense				
Origination and reversal of temporary differences	1,415	1,452	-	-
Under provision in prior year	425	163	-	-
Total deferred tax recognised in profit or loss	1,840	1,615	-	-
Total tax expense	6,583	6,113	-	-
Reconciliation of tax expense				
Profit for the year	15,869	28,466	5,338	28,534
Total tax expense	6,583	6,113	-	-
Profit excluding tax	22,452	34,579	5,338	28,534
Income tax calculated using tax rate of 24%	5,388	8,299	1,281	6,848
Non-deductible expenses	3,981	2,325	129	167
Tax incentive	(658)	-	-	-
Tax exempt income	(408)	(1,761)	(1,124)	(7,243)
Effect of deferred tax not recognised	(181)	(4,545)	(286)	228
(Over)/Under provision in prior years	(959)	722	-	-
Effect of different tax rates in foreign jurisdictions	(580)	1,073	-	-
	6,583	6,113	-	-

27. Earnings per ordinary share – Group

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

	Group	
	2022	**2021**
	RM'000	**RM'000**
Profit for the year attributable to owners of the Company		
- from continuing operations	16,570	19,380
- from discontinued operation	-	1,020
	16,570	20,400

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. Earnings per ordinary share – Group (Cont'd)

	Group	
	2022	**2021**
	'000	**'000**
Issued shares at 1 July	269,087	269,087
Effects of ordinary shares issued arising from warrants conversions during the financial year	18	-
Weighted average number of ordinary shares at 30 June	269,105	269,087

	Sen	**Sen**
Basic and diluted earnings per ordinary share		
- from continuing operations	6.157	7.202
- from discontinued operation	-	0.379
	6.157	7.581

28. Dividends

Dividends recognised by:

	RM per share	**Total amount RM'000**	**Date of payment**
Company			
2022			
In respect of the financial year ended 30 June 2021:			
- Single tier ordinary dividend	0.03	8,073	26 November 2021

On 25 August 2022, the Directors have approved and declared a single tier dividend of RM0.018 per ordinary share totalling RM4,844,000 in respect of the financial year ended 30 June 2022. The dividend will be recognised in the financial year ended 30 June 2023 and will be paid on 21 November 2022.

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 and property

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, right-of-use assets, exploration and evaluation assets, investment property 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
2022						
Segment Profit/(Loss)	22,398	5,323	(3,968)	(1,585)	679	22,847
Income/(Expense) included in the measure of Segment Profit/(Loss) are:						
Revenue from external customers	171,738	12,537	-	-	-	184,275
Inter-segment revenue	-	-	-	8,540	(8,540)	-
Depreciation and amortisation	(8,135)	(1,348)	-	(260)	(535)	(10,278)
Fair value gain on biological assets	-	907	-	-	-	907
Fair value changes on financial assets at fair value through profit or loss	(128)	-	(2,255)	(37)	-	(2,420)
Finance costs	(139)	(371)	(1,155)	(31)	920	(776)
Finance income	871	2	1	93	(242)	725
Gain on disposal of property, plant and equipment	39	-	-	-	-	39
Inventories written off	(266)	-	-	-	-	(266)
Inventories written down to net realisable value	43	-	-	-	-	43
Reversal of inventories written down	40	-	-	-	-	40
2021						
Segment Profit/(Loss)	15,514	768	19,856	(1,853)	689	34,974
Income/(Expense) included in the measure of Segment Profit/(Loss) are:						
Revenue from external customers	153,947	7,169	-	-	-	161,116
Inter-segment revenue	-	-	-	5,534	(5,534)	-
Depreciation and amortisation	(8,552)	(2,653)	(86)	(334)	-	(11,625)
Fair value gain on biological assets	-	250	-	-	-	250
Fair value changes on financial assets at fair value through profit or loss	(71)	-	281	47	-	257
Finance costs	(305)	(554)	(911)	(36)	924	(882)
Finance income	1,103	-	1	45	(234)	915
Gain on disposal of gold royalty	-	-	22,227	-	-	22,227
Gain on disposal of property, plant and equipment	2,857	-	-	-	-	2,857
Inventories written off	(368)	-	-	-	-	(368)
Inventories written down to net realisable value	(83)	-	-	-	-	(83)
Reversal of impairment loss on advances to subsidiaries	-	-	-	26,150	(26,150)	-
Reversal of inventories written down	57	-	-	-	-	57
Property, plant and equipment written off	(20)	-	-	-	-	(20)

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
2022						
Segment assets	189,963	46,467	129,587	75,438	(61,731)	379,724
Included in the measure of segment assets are:						
Additions to non-current assets other than financial instruments and deferred tax assets	7,427	40	3,674	18	-	11,159
Segment liabilities	42,898	15,621	139,418	3,244	(109,835)	91,346
2021						
Segment assets	174,132	46,513	126,083	76,076	(59,518)	363,286
Included in the measure of segment assets are:						
Additions to non-current assets other than financial instruments and deferred tax assets	3,441	5	3,559	11	-	7,016
Segment liabilities	47,301	19,310	136,492	1,279	(114,795)	89,587

Reconciliation of segment profit, segment assets and liabilities

Reconciliation to consolidated profit before tax

	Group 2022 RM'000	Group 2021 RM'000
Total segment profit	22,847	34,974
Unallocated expenses:		
- Amortisation of customer relationships	(395)	(395)
Consolidated profit before tax	22,452	34,579

Reconciliation to consolidated total assets

	Group 2022 RM'000	Group 2021 RM'000
Total segment assets	379,724	363,286
Customer relationships	4,339	4,734
Goodwill on consolidation	22,182	22,182
Consolidated total assets	406,245	390,202

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

29. Operating segments (Cont'd)

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 and deferred tax assets.

The geographical information in regard 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
2022			
Malaysia	82,340	123,658	12,343
Indonesia	54,734	123,752	7,199
Singapore	21,912	-	2,965
Thailand	13,553	-	714
United States of America	3,580	-	574
The People's Republic of China	4,838	-	1,357
Other countries	3,318	-	456
	184,275	247,410	25,608
2021			
Malaysia	87,130	135,757	9,811
Indonesia	39,922	103,482	5,296
Singapore	20,202	-	2,661
United States of America	5,202	-	691
The People's Republic of China	2,495	-	571
Other countries	6,165	-	869
	161,116	239,239	19,899

Major customers

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

	2022		2021	
	Number of customers	RM'000	Number of customers	RM'000
Segment				
IMS	3	91,907	4	90,298

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 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
2022			
Financial assets			
Group			
Other financial assets	2,215	2,215	-
Other investments	2,968	-	2,968
Trade and other receivables*	26,741	26,741	-
Cash and cash equivalents	81,742	81,742	-
	113,666	110,698	2,968
Company			
Trade and other receivables*	7,752	7,752	-
Cash and cash equivalents	6,480	6,480	-
	14,232	14,232	-
Financial liabilities			
Group			
Loans and borrowings	(8,652)	(8,652)	-
Trade and other payables^	(36,015)	(36,015)	-
	(44,667)	(44,667)	-
Company			
Trade and other payables	(4,759)	(4,759)	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. Financial instruments (Cont'd)

30.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
2021			
Financial assets			
Group			
Other financial assets	2,151	2,151	-
Other investments	15,124	-	15,124
Trade and other receivables*	21,870	21,870	-
Cash and cash equivalents	72,973	72,973	-
	112,118	96,994	15,124
Company			
Trade and other receivables*	4,803	4,803	-
Cash and cash equivalents	8,269	8,269	-
	13,072	13,072	-
Financial liabilities			
Group			
Loans and borrowings	(13,604)	(13,604)	-
Trade and other payables^	(32,738)	(32,738)	-
	(46,342)	(46,342)	-
Company			
Trade and other payables	(4,868)	(4,868)	-

* Excludes prepayments
^ Excludes employee benefits liabilities

30.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net (losses)/gains on:				
Financial assets at fair value through profit or loss:				
- Mandatorily required by MFRS 9	(2,420)	257	-	-
Financial assets at amortised cost	2,934	(377)	93	45
Financial liabilities at amortised cost	(686)	(701)	-	-
	(172)	(821)	93	45

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. Financial instruments (Cont'd)

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.

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 RM9,957,000 (2021: RM8,720,000) arising from the exposure to 3 major customers (2021: 4 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.

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 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.

The following table provides information about the exposure to credit risk for trade receivables and contract assets.

Group	Gross carrying amount/ Net balance 2022 RM'000	2021 RM'000
Not past due	27,579	17,798
Past due 1 - 30 days	4,371	6,305
Past due 31 - 120 days	592	297
Past due more than 120 days	5	3
	32,547	24,403
Trade receivables	25,608	19,899
Contract assets	6,939	4,504
	32,547	24,403

There was no allowance for impairment losses in respect of trade receivables and contract assets in the current and previous financial years.

Cash and cash equivalents and fixed and term deposits

The cash and cash equivalents and fixed and term 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. Financial instruments (Cont'd)

30.4 Credit risk (Cont'd)

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. 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.

Exposure to credit risk, credit quality and collateral

As at 30 June 2022, the Company had executed corporate guarantees in favour of licensed financial institutions up to a limit of RM22.7 million (2021: RM30.9 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 RM8.0 million (2021: RM12.4 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.

Other investments

Credit risk on other investments mainly arising from investment in liquid securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

As at the end of the reporting period, there was no indication that the investments are not recoverable.

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.

As at 30 June 2022, the Company provides financial support letters to certain subsidiaries to enable them to continue as going concerns.

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.

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

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.

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.

Company	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
2022			
Low credit risk	10,546	-	10,546
Significant increase in credit risk	59,800	(17,925)	41,875
Credit impaired	5,722	(5,722)	-
	76,068	(23,647)	52,421
2021			
Low credit risk	11,597	-	11,597
Significant increase in credit risk	59,800	(17,925)	41,875
Credit impaired	5,722	(5,722)	-
	77,119	(23,647)	53,472

The movement in the allowance for impairment in respect of subsidiaries' loans and advances during the year is as follows:

Company	Lifetime ECL RM'000
Balance at 1 July 2020	49,797
Net remeasurement of loss allowance	(26,150)
Balance at 30 June 2021/1 July 2021	23,647
Net remeasurement of loss allowance	-
Balance at 30 June 2022	23,647

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.

30. Financial instruments (Cont'd)

30.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities and lease liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate/ Discount 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
2022							
Non-derivative financial liabilities							
Secured term loans							
- floating rate	2,628	3.40% - 6.47%	2,847	1,172	1,145	530	-
Trade financing	6,024	3.54%	6,024	6,024	-	-	-
Lease liabilities	1,823	2.28% - 5.17%	1,914	1,142	454	318	-
Trade and other payables	36,015	-	36,015	36,015	-	-	-
	46,490		46,800	44,353	1,599	848	-
2021							
Non-derivative financial liabilities							
Secured term loans							
- floating rate	3,708	3.40% - 7.47%	4,813	1,163	1,204	2,446	-
Trade financing	9,896	3.54%	9,896	9,896	-	-	-
Lease liabilities	1,969	2.28% - 5.17%	2,092	1,237	589	266	-
Trade and other payables	32,738	-	32,738	32,738	-	-	-
	48,311		49,539	45,034	1,793	2,712	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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 and lease liabilities as at the end of the reporting period based on undiscounted contractual payments:

Company	Carrying amount RM'000	Contractual interest rate/ Discount rate	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000
2022						
Non-derivative financial liabilities						
Lease liabilities	496	3.22% - 5.17%	516	286	213	17
Other payables and accrued expenses	4,759	-	4,759	4,759	-	-
Financial guarantees	-	-	8,000	8,000	-	-
	5,255		13,275	13,045	213	17
2021						
Non-derivative financial liabilities						
Lease liabilities	757	3.22% - 5.17%	802	286	286	230
Other payables and accrued expenses	4,868	-	4,868	4,868	-	-
Financial guarantees	-	-	12,400	12,400	-	-
	5,625		18,070	17,554	286	230

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 cash and cash equivalents 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"), Chinese Yuan ("CNY") and Indonesia Rupiah ("IDR").

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:

Group		**Other financial assets RM'000**	**Trand and other receivables RM'000**	**Cash and cash equivalents RM'000**	**Trade and other payables RM'000**	**Net exposure RM'000**
Functional currency	**Foreign currency**					
2022						
RM	USD	-	7,905	18,330	(2,033)	24,202
RM	EUR	-	-	-	(249)	(249)
RM	JPY	-	-	-	(110)	(110)
RM	CNY	-	-	-	(282)	(282)
AUD	USD	2,215	-	10,599	(186)	12,628
AUD	IDR	-	-	21	(4,745)	(4,724)
IDR	USD	-	-	102	-	102
2021						
RM	USD	-	8,476	15,856	(1,572)	22,760
RM	EUR	-	-	-	(554)	(554
RM	JPY	-	-	-	(392)	(392)
RM	CNY	-	-	-	(143)	(143)
AUD	USD	-	437	4,922	-	5,359
AUD	IDR	-	390	46	(2,436)	(2,000)
IDR	USD	-	1	252	-	253

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

Foreign currency risk mainly arises from USD against RM and USD and IDR against AUD. The exposure to other currencies is not material and hence, sensitivity analysis is not presented.

A 10% (2021: 10%) strengthening of RM and AUD 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 is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.

	Group	
	2022 RM'000	**2021 RM'000**
USD against RM	(1,839)	(1,730)
USD and IDR against AUD		
- USD	(960)	(407)
- IDR	359	152
	(2,440)	(1,985)

A 10% (2021: 10%) weakening of RM and AUD 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 deposits, short term placement funds and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate term deposits and 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 placement in funds and deposits and borrowings, and is managed through the use of fixed and floating rate instruments. 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 and lease liabilities, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Fixed rate instruments				
Financial assets	28,792	34,003	3,000	3,000
Lease liabilities	(1,823)	(1,969)	(496)	(757)
	26,969	32,034	2,504	2,243

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. Financial instruments (Cont'd)

30.6 Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

Exposure to interest rate risk (Cont'd)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Floating rate instruments				
Financial assets	12,155	12,084	2,907	5,031
Financial liabilities	(8,652)	(13,604)	-	-
	3,503	(1,520)	2,907	5,031

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.

	2022		2021	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
Group				
Floating rate instruments	27	(27)	(12)	12
Company				
Floating rate instruments	22	(22)	38	(38)

(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

The Group's equity investments are traded on the TSX Venture Exchange in Canada ("TSX"), the Australia Securities Exchange ("ASX") and Bursa Malaysia Securities Berhad, and they fall under Level 1 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. Financial instruments (Cont'd)

30.6 Market risk (Cont'd)

(c) Other price risk (Cont'd)

Equity price risk sensitivity analysis (Cont'd)

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with their respective securities exchanges, namely the TSX Composite Index, ASX 200 and the FTSE Bursa Malaysia KLCI ("FBMKLCI"). A 1% strengthening in the equity investments traded on the TSX Composite Index, ASX 200 and the FBMKLCI at the end of the reporting period would have increased post-tax profit or loss by RM29,000 (2021: RM151,000) for the Group's equity investments. A 1% weakening in the equity investments traded on the TSX Composite Index, ASX 200 and the FBMKLCI would have had equal but opposite effect on profit or loss.

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. The carrying amounts of term deposits also approximate fair values as the term deposits with variable interest rate will be re-priced to market interest rates.

Save as disclosed above, there are no other financial instruments at the Company level. Hence, no analysis is made for financial instruments at fair value at Company level.

30. Financial instruments (Cont'd)

30.7 Fair value information (Cont'd)

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
Group	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total fair value**	**Carrying amount**
2022	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets										
Quoted shares	2,915	-	-	2,915	-	-	-	-	2,915	2,915
Club membership	-	-	53	53	-	-	-	-	53	53
	2,915	-	53	2,968	-	-	-	-	2,968	2,968
Financial liabilities										
Term loans										
- floating rate	-	-	-	-	-	-	2,628	2,628	2,628	2,628
2021										
Financial assets										
Quoted shares	15,071	-	-	15,071	-	-	-	-	15,071	15,071
Club membership	-	-	53	53	-	-	-	-	53	53
	15,071	-	53	15,124	-	-	-	-	15,124	15,124
Financial liabilities										
Term loans										
- floating rate	-	-	-	-	-	-	3,708	3,708	3,708	3,708

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. Financial instruments (Cont'd)

30.7 Fair value information (Cont'd)

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 (2021: 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.

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.

(a) Financial instruments carried at fair value

Type	Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Club membership	The fair value of club membership is estimated based on unquoted asking price in the market.	Price per membership	The estimated fair value would increase/ (decrease) if the price per membership is higher/ (lower).

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)

(b) 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	
	2022 RM'000	**2021 RM'000**
Loans and borrowings (Note 18)	(8,652)	(13,604)
Lease liabilities	(1,823)	(1,969)
Less: Cash and cash equivalents (Note 16)	81,742	72,973
Net cash	71,267	57,400
Total equity attributable to owners of the Company	269,168	255,775
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.

32. Capital commitments and contingent liabilities

	Group	
	2022 RM'000	**2021 RM'000**
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	161	-
Exploration expenditure		
Contracted but not provided for	2,107	7,370

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. Capital commitments and contingent liabilities (Cont'd)

The exploration expenditure represents the minimum expenditure for the commitments contracted for under PSCs not provided for in the financial statements. The Group's minimum expenditure are the firm commitments as set forth in the PSCs with the Government of Indonesia for which the Group is committed and obligated to complete. The firm commitments under the Indonesian PSC may be moved into future years after negotiation with the Indonesian Oil and Gas Regulator. The Group has negotiated the postponement of RM2,107,000 (2021: RM7,370,000) firm commitments until future periods and has met the required commitments for the current financial year.

The Group has performance bond guarantee at year end of RM17,276,000 (2021: RM13,485,000) issued to the Government of Indonesia pursuant to the PSC to guarantee the firm commitments that are required to be completed by NuEnergy during the exploration period.

33. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group 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. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries, affiliated company, companies in which certain Directors of the Group have interests and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Notes 15 and 21.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
A. Subsidiaries				
Management fee income	-	-	(1,740)	(1,534)
Dividend income	-	-	(6,800)	(4,000)
B. Affiliated company				
Purchases	717	1,312	-	-
Royalty expenses	79	99	-	-
C. Companies in which certain Directors of the Company have interests				
Sales	-	(163)	-	-
Purchases	10	71	-	-
D. Companies in which certain Directors of the Subsidiaries have interests				
Rental income	(12)	(12)	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. Related parties (Cont'd)

Significant related party transactions (Cont'd)

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
E. Key management personnel				
Directors:				
- Fees	175	158	168	151
- Remuneration	4,483	3,883	1,094	983
- Estimated monetary value of benefits-in-kind	11	11	-	-
	4,669	4,052	1,262	1,134
Other key management personnel:				
- Short term employee benefits	1,564	963	375	316
	1,564	963	375	316
	6,233	5,015	1,637	1,450

34. Subsequent event

Subsequent to the financial year end, on 25 August 2022, the Company entered into a Subscription and Shareholders Agreement ("SSA") with Metta Food & Lifestyle Sdn Bhd ("Metta") and the shareholders of Metta, to subscribe for a 45% equity interest of the enlarged share capital of Metta, comprising 450,000 new ordinary shares in Metta, for a subscription price of RM20 million and to set out the terms to govern the shareholders' rights and operations of Metta. The subscription has been completed subsequent to the financial year end on 19 September 2022.

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 54 to 136 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 2022 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

Chen Heng Mun
Director

Kuala Lumpur,

Date: 19 October 2022

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 54 to 136 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 19 October 2022.

Chen Heng Mun

Before me:

Samugam Vassoo
Commissioner for Oaths (W632)

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GLOBALTEC FORMATION BERHAD

Report on the Audit of the Financial Statements

We have audited the financial statements of Globaltec Formation Berhad, which comprise the statements of financial position as at 30 June 2022 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 54 to 136.

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 2022, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("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.

<table>
<tr><td colspan="2">Revenue recognition
Refer to Note 2(r) - Significant accounting policy: Revenue and other income and Note 22 - Revenue.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group recorded revenue of RM184,275,000 for the current financial year. Revenue of the Group is derived from manufacturing and sale of automotive components, precision machining and stamping, tooling and sale of fresh fruit bunches from oil palm.

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 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 2022 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 assets
Refer to Note 2(g) - Significant accounting policy: Exploration and evaluation assets and Note 6 - Exploration and evaluation assets.

The key audit matter	How the matter was addressed in our audit
As at 30 June 2022, the Group had incurred and recognised exploration and evaluation expenditure of RM114,553,000 in relation to several coal bed methane production sharing contracts ("PSC") in Indonesia. We have identified the impairment assessment on the exploration and evaluation assets ("E&E") as a key audit matter due to: • the significance of the activity to the Group's business and the balance; and • the greater level of audit effort to evaluate the Group's application of the requirements of the industry specific accounting standard, MFRS 6 *Exploration for and Evaluation of Mineral Resources*, in particular the presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the carrying value of E&E. Given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group's determination that no such indicators existed.	Our audit procedures included, among others: • Evaluating the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard; • Assessing the Group's determination of its areas of interest for consistency with the definition in the accounting standard. This involved analysing the licenses in which the Group holds an interest in for consistency with documentation such as Joint Operating Agreements ("JOAs"). We checked planned work programmes for consistency with the areas identified. • For each area of interest, we assessed the Group's current rights to tenure by checking the ownership of the relevant license to underlying documentation, including PSC agreements, JOAs and letters in place with the Government of Indonesia. We also tested for compliance with conditions, such as minimum exploration expenditure requirements, on a sample of licenses. • We evaluated Group documents, such as minutes of Board meetings, minutes of meetings with relevant Indonesian regulatory authorities, ASX announcements, and cash flow forecasts, for consistency with the Group's stated intentions for continuing E&E in certain areas. • We corroborated the Group's stated intentions for continuing E&E with key operations and finance personnel.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GLOBALTEC FORMATION BERHAD (CONT'D)

Key Audit Matters (Cont'd)

Impairment of exploration and evaluation assets Refer to Note 2(g) - Significant accounting policy: Exploration and evaluation assets and Note 6 - Exploration and evaluation assets. (Cont'd)	
The key audit matter	**How the matter was addressed in our audit**
In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of E&E activities for areas of interest where significant capitalised E&E exists. In addition to the assessments above, and given the uncertain renewal of rights to tenure and the financial position of the Group, we paid particular attention to: • the impact of the Group's uncertain renewal of rights to tenure over particular areas of interest on the implications to carrying forward capitalised E&E; • the ability of the Group to fund the continuation of activities; and • results from latest activities regarding the existence or otherwise of economically recoverable and a commercially viable quantity of gas resources or reserves.	• We analysed the Group's determination of recoupment through successful development and exploitation of the areas of interest by evaluating the Group's documentation of planned future activities including project budgets for a sample of areas. • We assessed the impact of the Group's uncertain rights to tenure over particular areas of interest on the Group's planned continued exploration and evaluation activities. We analysed correspondence with Indonesian regulatory authorities to understand the status of rights to tenure and compared this to the Group's 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 Group's decision to continue to recognise E&E on these areas, and the consistency of the decision for commercial continuation of activities. • We obtained area of interest expenditure obligations and assessed evidence of the ability to fund continued activities, including board minutes and budgets. We identified those areas relying on alternate funding sources and evaluated the capacity of the Group to secure such funding. • We assessed the adequacy of Group's disclosures on exploration and evaluation assets.

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 information included in 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GLOBALTEC FORMATION BERHAD (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

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 and of 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.

- 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GLOBALTEC FORMATION BERHAD (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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 (Cont'd):

- 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, actions taken to eliminate threats or safeguards applied.

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 9 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

Chew Beng Hong
Approval Number: 02920/02/2024 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 19 October 2022

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 2022 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 3 OCTOBER 2022

Issued and Fully Paid-up Shares	:	RM643,670,746
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
1 – 99	1,545	14.833	44,020	0.016
100 – 1,000	2,378	22.830	1,490,460	0.554
1,001 – 10,000	4,806	46.141	20,464,304	7.604
10,001 – 100,000	1,477	14.180	44,332,122	16.473
100,001 – 13,454,343 *	205	1.968	106,810,690	39.689
13,454,344 and above **	5	0.048	95,978,663	35.664
Total	**10,416**	**100.000**	**269,120,259**	**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.	KONG KOK KEONG	27,437,941	10.195
2.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GOH TIAN CHUAN*	20,075,481	7.459
3.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GOH TIAN CHUAN*	19,537,867	7.259
4.	DARULNAS (M) SDN. BHD.	14,900,000	5.536
5.	KONG KOK KEONG	14,027,374	5.212
6.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GOH TIAN CHUAN*	9,233,633	3.431
7.	YONG NAM YUN	5,926,039	2.202
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR JUDDY CHU YEN TIEN*	5,350,545	1.988
9.	LOKE MEI PING	4,497,650	1.671
10.	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)*	3,718,445	1.381
11.	OOI BOON PIN	3,377,730	1.255
12.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GOH TIAN CHUAN*	2,728,846	1.013
13.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GOH TIAN CHUAN (MQ0008)*	2,725,043	1.012
14.	CHONG CHIEW TSHUNG	2,658,000	0.987
15.	HIEW YON FO	2,475,000	0.919
16	TE KIM LENG	2,110,000	0.784
17.	CITIGROUP NOMINEES (ASING) SDN BHD *CEP FOR PHEIM SICAV-SIF*	1,785,400	0.663

STATISTICS ON SHAREHOLDINGS
AS AT 3 OCTOBER 2022 (CONT'D)

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

No.	Name	Shares Held	% Of Issued Capital
18.	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	1,764,750	0.655
19.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR JUDDY CHU YEN TIEN*	1,579,100	0.586
20.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ANG HUNG TECK (8083175)*	1,500,000	0.557
21.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHAN CHUN KET*	1,263,500	0.469
22.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR JUDDY CHU YEN TIEN*	1,148,006	0.426
23.	CHONG CHEE YOONG	1,080,425	0.401
24.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR VOON SZE LIN (M55045)*	1,066,400	0.396
25.	YOHANES ARIF LUKMAN	1,043,755	0.387
26.	CHANG CHUEN LEE	989,290	0.367
27.	TOH TIAN HWA	938,000	0.348
28.	AW KHENG TONG	909,400	0.337
28.	LAI YIN THAI	823,400	0.305
30.	TAN PHAN LIEH	800,000	0.297
	Total	**157,471,020**	**58.498**

STATISTICS ON SHAREHOLDINGS

AS AT 3 OCTOBER 2022 (CONT'D)

SUBSTANTIAL SHAREHOLDERS SHAREHOLDINGS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		No. of Shares		No. of Shares	
	Name	Direct	%	Indirect	%
1.	Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP	54,300,870	20.18	-	-
2.	Kong Kok Keong	41,465,315	15.41	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

		No. of Shares		No. of Shares	
	Name	Direct	%	Indirect	%
1.	Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP	54,300,870	20.18	-	-
2.	Kong Kok Keong	41,465,315	15.41	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.	Wong Zee Shin	966	*	-	-
6.	Datuk Yong Teck Shing, JP	-	-	-	-
7.	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.

PROPERTIES OF THE GROUP
AS AT 30 JUNE 2022

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 2022 (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	24 years	Lease over 60 years/ 10.7.2057	4,334	2 May 2012 *
2.	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 electronic and automotive industries	79,040	46,228	25 years	Lease over 30 years/ 24.9.2041	1,438	25 May 2012
3.	Kawasan Industri KIIC Lot E-4B, Jln. Tol Jakarta-Cikampek KM47 Teluk Jambe Karawang, 41361 Jawa Barat Indonesia	2-storey office and single storey detached factory/ Manufacturing and fabrication of tools and dies and precision stamping parts for the electronic and automotive industries	107,639	44,627	10 years	Lease over 30 years/ 24.9.2025	4,921	25 May 2012
4.	Lot 20166, Lorong Perindustrian Bukit Minyak 20, Kawasan Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, Malaysia	Office building annexed to a factory building/ Manufacture of tooling products, automation systems and precision machining	174,719	56,000	3 years	Lease over 60 years/ 25.1.2072	10,867	October 2011

PROPERTIES OF THE GROUP
AS AT 30 JUNE 2022 (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 2022 (RM'000)	Latest date of revaluation*/ Date of purchase
5.	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	33 years	Lease over 99 years/ 10.1.2089	5,191	25 May 2012
6.	Country Lease Title No. 215499246, Kg Nosoob, Penampang, Sabah	Vacant land	65,972	-	-	Lease over 99 years/ 31.12.2115	13,605	30 June 2020

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 2022 (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	8,730	25 May 2012
				(ii) NT: 40.510	Perpetual/ 31.5.2039		

PROPERTIES OF THE GROUP
AS AT 30 JUNE 2022 (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 2022 (RM'000)	Date of purchase
1.	Division 2 Bukit Garam/Sg. Lokan Off KM76.5 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	10,829	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	19,466	25 May 2012
				(ii) NT: 364.534	a) 361.271 ha. Perpetual/ 31.5.2039 b) 3.263 ha. Perpetual/ 13.7.2040		
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	4,276	25 May 2012

NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of the Company will be held on a virtual basis from the Broadcast Venue at Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Wednesday, 30 November 2022 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 2022 together with the Reports of Directors and Auditors thereon. **(Please refer to Note 1)**
2. To approve the payment of Directors' fees to Non-Executive Directors up to an amount of RM168,000 from 1 December 2022 until the next Annual General Meeting of the Company. **Ordinary Resolution 1**
3. To approve the payment of Directors' benefits to Non-Executive Directors up to an amount of RM12,000 from 1 December 2022 until the next Annual General Meeting of the Company. **Ordinary Resolution 2**
4. To re-elect the following Directors who retire in accordance with Article 90(1) of the Company's Constitution:

   (a) Mr. Kong Kok Keong **Ordinary Resolution 3**
   (b) Mr. Chen Heng Mun **Ordinary Resolution 4**

5. To re-appoint KPMG PLT as Auditors of the Company and authorise the Directors to determine their remuneration. **Ordinary Resolution 5**
6. To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:

   PROPOSED RETENTION OF WONG ZEE SHIN AS INDEPENDENT DIRECTOR **Ordinary Resolution 6**

   "THAT Mr. Wong Zee Shin be and is hereby retained as Senior Independent Non-Executive Director of the Company and he shall continue to act as an independent director notwithstanding that he has been on the Board of Directors of the Company for a cumulative term of more than nine (9) years."

   AUTHORITY TO ALLOT SHARES **Ordinary Resolution 7**

   "THAT subject always to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 75 of the Companies Act 2016 to allot and issue 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 allotted pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being.

   AND THAT pursuant to Article 54 of the Constitution, direction to the contrary of pre-emptive rights under Section 85 of the Companies Act 2016 be and is hereby given for the Directors to offer and issue new shares of the Company ranking equally to the existing shares of the Company pursuant to the aforesaid authority, to such persons for such consideration as the Directors deem fit and in the best interest of the Company."

7. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

SEOW FEI SAN (SSM PC No. 201908002299)
TAN YOKE KHIM (SSM PC No. 201908002287)
Secretaries

Petaling Jaya

31 October 2022

NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING (CONT'D)

Notes:

1. The audited financial statements are laid before the members pursuant to Section 340(1) of the Companies Act 2016 **("Act")**. The members' approval on the audited financial statements is not required and the same is for discussion only. Hence, the matter will not be put for voting.

2. The Eleventh Annual General Meeting **("11th AGM"** or **"Meeting")** of the Company will be held on a virtual basis and entirely via remote participation and voting. All members are advised to participate in the 11th AGM remotely via the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at https://tiih.online. Please follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely for the 11th AGM.

3. The Broadcast Venue of the 11th AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be at the main venue. No members/proxy(ies) from the public will be physically present at the Broadcast Venue on the day of the meeting.

4. Only depositors whose names appear in the Record of Depositors as at 23 November 2022 shall be regarded as members and entitled to attend, speak and vote at the Meeting.

5. A member of the Company entitled to participate and vote at the Meeting is entitled to appoint a proxy or proxies to participate and vote on his/her behalf. A proxy may but need not be a member of the Company.

6. A member may appoint up to two (2) proxies to participate 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.

7. 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 but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

8. 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.

9. The instrument appointing a proxy **("Proxy Form")** 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.

10. The instrument appointing a proxy must be deposited/submitted via the following ways not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof:

    (i) By hardcopy form

    The Proxy Form must be deposited with the Share Registrar of the Company 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

    (ii) By electronic form

    The Proxy Form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Procedure for Electronic Submission of Proxy Form in the Administrative Guide.

11. The last date and time for lodging the Proxy Form is Monday, 28 November 2022 at 2.30 p.m.

NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes:

Ordinary Resolutions 1 and 2
Directors' fees and benefits payable to Non-Executive Directors

Pursuant to Section 230(1) of the Act, 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 11th AGM on the Directors' fees and benefits in two (2) resolutions as follows:

- Ordinary Resolution 1 on payment of Directors' fees from 1 December 2022 until the next AGM

  The total amount of Directors' fees payable to the Non-Executive Directors from 1 December 2022 until the next AGM tabled for the members' approval is RM168,000 **("Proposed fees")**. The Proposed fees is same as last year despite an independent director had resigned from the Board in August 2022 as there might be new appointment to the Board in the coming year. Nevertheless, there is no adjustment to the Directors' fees.

- Ordinary Resolution 2 on payment of Directors' benefits from 1 December 2022 until the next AGM

  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. Same as last year, the Directors' benefits from 1 December 2022 until the conclusion of next AGM is estimated not to exceed RM12,000.

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
Proposed Retention of Independent Non-Executive Director

The proposed Ordinary Resolution 6 is proposed pursuant to Article 90(2) of the Company's Constitution and if passed, will allow Mr. Wong Zee Shin **("Mr. Wong")** to be retained and continue to act as Senior Independent Non-Executive Director of the Company (Note: Mr. Wong was re-designated as Senior Independent Non-Executive Director on 30 August 2022).

Mr. Wong was appointed to the Board as an independent director on 28 March 2012. As at the date of printing of this Annual Report, Mr. Wong had served on the Board for a cumulative period of more than 9 years. The Board wishes to retain Mr. Wong as an independent director and is therefore seeking members' approval at the 11th AGM to retain him as Senior Independent Non-Executive Director of the Company.

Should the members' approval be obtained at the 11th AGM, Mr. Wong will continue to be the Senior Independent Non-Executive Director of the Company and will be subject to annual re-appointment by members at annual general meeting.

Full details of the Board's justifications for the retention of Mr. Wong as an independent director are set out in the Corporate Governance Overview Statement as contained in the Annual Report 2022.

Ordinary Resolution 7
Authority to Allot Shares

The proposed Ordinary Resolution 7, if passed, will:

(a) empower the Directors of the Company to allot and issue not more than 10% of the issued share capital of the Company subject to the 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; and

(b) give direction to the Directors of the Company to offer and issue new shares pursuant to the authority granted under Ordinary Resolution 7 to any such persons without first to offer the new shares to the existing members of the Company in proportion to their shareholding.

This authorisation will, unless revoked or varied by the Company in a general meeting, expire at the next AGM of the Company.

The authority, if granted, 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, repayment of bank borrowings and/or acquisitions.

As at the date of printing of the Annual Report, no new share was issued by the Company pursuant to the authority granted to the Directors at the 10th AGM held on 30 November 2021 and the said authority will lapse at the conclusion of the 11th AGM.

ADMINISTRATIVE GUIDE FOR THE ELEVENTH ANNUAL GENERAL MEETING OF GLOBALTEC FORMATION BERHAD

Date	:	Wednesday, 30 November 2022
Time	:	2.30 p.m.
Broadcast Venue	:	Tricor Leadership Room Unit 32-01, Level 32 Tower A Vertical Business Suite, Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia

MODE OF MEETING

In line with the revised Guidance Note on the Conduct of General Meetings for Listed Issuers issued by Securities Commission Malaysia on 7 April 2022, Globaltec Formation Berhad **("GFB")** will conduct its 11th Annual General Meeting **("AGM")** on a virtual basis through live streaming and online remote voting via Remote Participation and Voting **("RPV")** facilities which are available on Tricor Investor & Issuing House Services Sdn. Bhd. **("Tricor")** TIIH Online website at https://tiih.online.

REMOTE PARTICIPATION AND VOTING FACILITIES ("RPV")

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 11th AGM using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at https://tiih.online. Please refer to Procedure for RPV.

A shareholder who has appointed a proxy(ies) or attorney(s) or authorised representative(s) to participate at this 11th AGM via RPV must request his/her proxy(ies) or attorney(s) or authorised representative(s) to register himself/herself for RPV at TIIH Online website at https://tiih.online. Please refer to Procedure for RPV.

As the 11th AGM is a virtual AGM, shareholders who are unable to participate in this AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

PROCEDURES FOR RPV

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate in the 11th AGM remotely using the RPV are to follow the requirements and procedures as summarised below:

	Procedure	Action
BEFORE THE AGM DAY		
(a)	Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services" and select "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one working day and you will be notified via email. • If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b)	Submit your registration for RPV	• Registration is open from Monday, 31 October 2022 until the day of the 11th AGM on Wednesday, 30 November 2022. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 11th AGM to ascertain their eligibility to participate the 11th AGM using the RPV. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: **"(REGISTRATION) GLOBALTEC FORMATION BERHAD 11th AGM"** • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an e-mail to notify that your registration for remote participation is received and will be verified.

ADMINISTRATIVE GUIDE FOR THE ELEVENTH ANNUAL GENERAL MEETING OF GLOBALTEC FORMATION BERHAD (CONT'D)

PROCEDURES FOR RPV (CONT'D)

	Procedure	Action
BEFORE THE AGM DAY (CONT'D)		
(b)	Submit your registration for RPV	• After verification of your registration against the General Meeting Record of Depositors as at 23 November 2022, the system will send you an e-mail after 28 November 2022 to approve or reject your registration for remote participation and the procedures to use the RPV are detailed therein. In the event your registration is not approved, you will also be notified via email. *(Note: Please ensure to allow sufficient time required for the approval as a new user of TIIH Online as well as the registration for RPV in order that you can login to TIIH Online and participate the 11th AGM remotely).*

ON THE DAY OF THE AGM		
(c)	Login to TIIH Online	• Login with your user ID and password for remote participation at the 11th AGM at any time from 1.30 p.m. i.e. 1 hour before the commencement of the AGM on Wednesday, 30 November 2022 at 2.30 p.m.,
(d)	Participate through Live Streaming	• Select the corporate event: **"(LIVE STREAM MEETING) GLOBALTEC FORMATION BERHAD 11th AGM"** to engage in the proceedings of the 11th AGM remotely. • If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by you during the 11th AGM.
(e)	Online Remote Voting	• Voting session commences from 2.30 p.m. on Wednesday, 30 November 2022 until a time when the Chairman announces the end of the session. Select the corporate event: **"(REMOTE VOTING) GLOBALTEC FORMATION BERHAD 11th AGM"** or if you are on the live stream meeting page, you can select **"GO TO REMOTE VOTING PAGE"** button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
(f)	End of remote Participation	• Upon the announcement by the Chairman on the closure of the 11th AGM, the live streaming will end.

Note to users of the RPV facilities:

1. Should your registration for RPV be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616/011-40803168/011-40803169/011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) to participate via RPV at the 11th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Monday, 28 November 2022 at 2.30 p.m.**

ADMINISTRATIVE GUIDE FOR THE ELEVENTH ANNUAL GENERAL MEETING OF GLOBALTEC FORMATION BERHAD (CONT'D)

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE (CONT'D)

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:

(i) In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic form
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Procedure for Electronic Submission of Proxy Form.

Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Monday, 28 November 2022 at 2.30 p.m.** to participate via RPV in the 11th AGM. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Monday, 28 November 2022 at 2.30 p.m.** to participate via RPV in the 11th AGM. The certificate of appointment should be executed in the following manner:

(i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

(ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

(a) at least two (2) authorised officers, of whom one shall be a director; or
(b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM

The procedures to submit your proxy form electronically via Tricor's **TIIH Online** website are summarised below:

	Procedure	Action
i. Steps for Individual Shareholders		
a.	Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.

ADMINISTRATIVE GUIDE FOR THE ELEVENTH ANNUAL GENERAL MEETING OF GLOBALTEC FORMATION BERHAD (CONT'D)

PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM (CONT'D)

	Procedure	Action
i. Steps for Individual Shareholders (Cont'd)		
b.	Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "Globaltec Formation Berhad 11th AGM -Submission of Proxy Form". • Read and agree to the Terms & Conditions and confirm the Declaration • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(s) appointment. • Print proxy form for your record.
ii. Steps for corporation or institutional shareholders		
a.	Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects **"Create Account by Representative of Corporate Holder".** • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set with your own password. Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.
b.	Proceed with submission of form of proxy	• Login to TIIH Online at https://tiih.online. • Select the corporate exercise name: **GLOBALTEC FORMATION BERHAD 11th AGM "SUBMISSION OF PROXY FORM"**. • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Submit the proxy appointment file. • Login to TIIH Online, select corporate exercise name: **GLOBATEC FORMATION BERHAD 11th AGM "SUBMISSION OF PROXY FORM".** • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

POLL VOTING

The voting at the 11th AGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting).

ADMINISTRATIVE GUIDE FOR THE ELEVENTH ANNUAL GENERAL MEETING OF GLOBALTEC FORMATION BERHAD (CONT'D)

POLL VOTING (CONT'D)

Shareholders or proxy(ies) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time from 2.30 p.m. on **Wednesday, 30 November 2022** but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (e) of the above Procedures for RPV for guidance on how to vote remotely from TIIH Online website at https://tiih.online.

Upon completion of the voting session for the 11th AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the 11th AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than **Monday, 28 November 2022 at 2.30 p.m.**. The Board will endeavor to answer the questions received at the 11th AGM.

DOOR GIFT/FOOD VOUCHER

There will be no door gifts or food vouchers for attending the 11th AGM.

NO RECORDING OR PHOTOGRAPHY

Unauthorized recording and photography are strictly prohibited at the 11th AGM

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 8.30 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General/Fax No/Email	: +603 - 2783 9299/+603 - 2783 9222/is.enquiry@my.tricorglobal.com
Ms Lim Lay Kiow	: +603 - 2783 9232/Lay.Kiow.Lim@my.tricorglobal.com
Pn Zakiah Wardi	: +603 - 2783 9287/Zakiah@my.tricorglobal.com
Mr Keith Lim	: +603 - 2783 9240/Keith.Lim@my.tricorglobal.com

億利達控股有限公司
Globaltec Formation Berhad
(Reg. No. 201101024895 (953031-A))

FORM OF PROXY

CDS Account No.

Number of Shares Held

I/We____(BLOCK LETTERS)
NRIC No./Registration No.____of
____

being (a) member(s) of **GLOBALTEC FORMATION BERHAD (Registration No. 201101024895 (953031-A))** hereby appoint the following person(s):

Proxy 1	**Proxy 2**
Name:	Name:
NRIC No.:	NRIC No.:
Email:	Email:
No. of shares to be represented:	No. of shares to be represented:

or failing him/her,

Proxy 1	**Proxy 2**
Name:	Name:
NRIC No.:	NRIC No.:
Email:	Email:
No. of shares to be represented:	No. of shares to be represented:

or failing whom, THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Eleventh Annual General Meeting of the Company to be held on a virtual basis from the Broadcast Venue at Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Wednesday, 30 November 2022 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		
Ordinary Resolution 7		

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 ....……..., 2022

____
Signature/Seal of Member

*Delete where not applicable

億利達控股有限公司
Globaltec Formation Berhad
(Reg. No. 201101024895 (953031-A))

STAMP

GLOBALTEC FORMATION BERHAD
(Reg. No. 201101024895 (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

Fold along this line

Notes:

1. *The audited financial statements are laid before the members pursuant to Section 340(1) of the Companies Act 2016* ***("Act")****. The members' approval on the audited financial statements is not required and the same is for discussion only. Hence, the matter will not be put for voting.*

2. *The Eleventh Annual General Meeting* ***("11th AGM"*** *or* ***"Meeting")*** *of the Company will be held on a virtual basis and entirely via remote participation and voting. All members are advised to participate in the 11th AGM remotely via the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at https://tiih.online. Please follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely for the 11th AGM.*

3. *The Broadcast Venue of the 11th AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be at the main venue. No members/proxy(ies) from the public will be physically present at the Broadcast Venue on the day of the meeting.*

4. *Only depositors whose names appear in the Record of Depositors as at 23 November 2022 shall be regarded as members and entitled to attend, speak and vote at the Meeting.*

5. *A member of the Company entitled to participate and vote at the Meeting is entitled to appoint a proxy or proxies to participate and vote on his/her behalf. A proxy may but need not be a member of the Company.*

6. *A member may appoint up to two (2) proxies to participate 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.*

7. *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 but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

8. *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.*

9. *The instrument appointing a proxy* ***("Proxy Form")*** *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.*

10. *The instrument appointing a proxy must be deposited/submitted via the following ways not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof:*

    (i) By hardcopy form
    The Proxy Form must be deposited with the Share Registrar of the Company 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

    (ii) By electronic form
    The Proxy Form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Procedure for Electronic Submission of Proxy Form in the Administrative Guide.

11. *The last date and time for lodging the Proxy Form is Monday, 28 November 2022 at 2.30 p.m.*

Glue and seal along this line

www.globaltec.com.my

GLOBALTEC FORMATION BERHAD
Reg. No. 201101024895 (953031-A)

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