億利達控股有限公司

Globaltec Formation Berhad

Reg. No. 201101024895 (953031-A)

ANNUAL REPORT 2023

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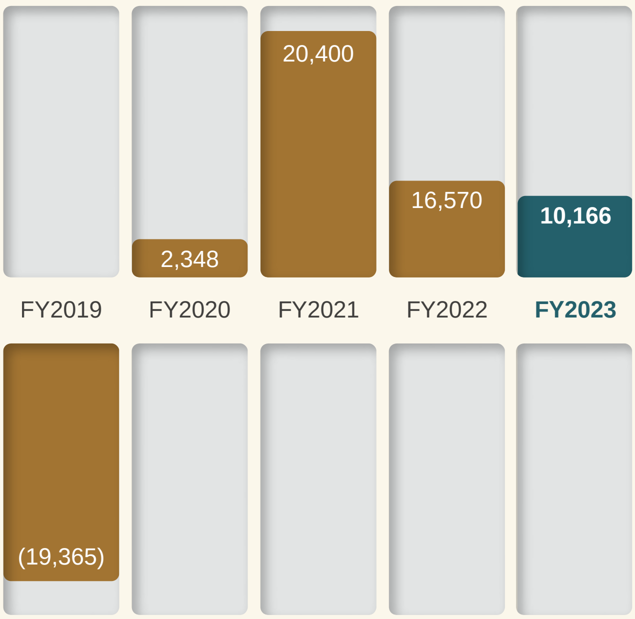
Scan the QR code above to view our Annual Report online. Our Annual Report, financial information and other details about Globaltec Formation Berhad can also be found at www.globaltec.com.my

PERFORMANCE HIGHLIGHTS

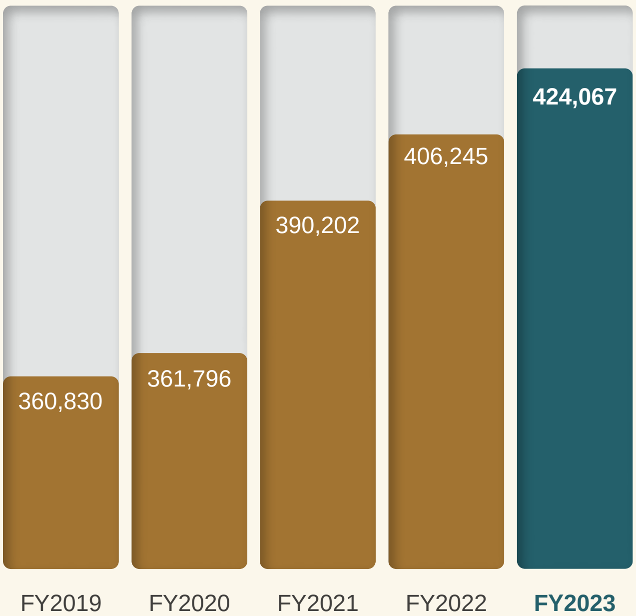
Financial Year Ended 30 June (RM'000 Unless Otherwise Stated)	FY2023	FY2022	FY2021	FY2020	FY2019
Turnover	**211,040**	184,275	161,116	163,823	217,298
Profit/(Loss) before taxation	**13,428**	22,452	34,579 [2]	3,828	(41,002)
Profit/(Loss) after taxation	**9,398**	15,869	29,486	(1,105)	(43,902)
Net profit/(loss) attributable to owners of the Company	**10,166**	16,570	20,400	2,348	(19,365)
Earnings/(Loss) per share (sen) – basic	**3.777**	6.157	7.581	0.873	(7.197)
Property, plant and equipment	**64,366** [1]	61,322 [1]	62,901 [1]	73,011 [1]	110,324
Total assets	**424,067**	406,245	390,202	361,796	360,830
Shareholders' funds	**281,248**	269,168	255,775	238,570	233,317
Net tangible assets	**255,009**	242,580	228,759	211,125	205,611
Total debt	**10,361** [1]	10,475 [1]	15,573 [1]	20,908 [1]	21,512
Total debt/Shareholders' funds (times)	**0.04**	0.04	0.06	0.09	0.09
Pre-tax profit/(loss)/Turnover (%)	**6.36**	12.18	21.46 [2]	2.34	(18.87)
Pre-tax profit/(loss)/Share capital (%)	**2.09**	3.49	5.37 [2]	0.59	(6.37)
Pre-tax profit/(loss)/Total assets (%)	**3.17**	5.53	8.86 [2]	1.06	(11.36)
Pre-tax profit/(loss)/Shareholders' funds (%)	**4.77**	8.34	13.52 [2]	1.60	(17.57)
Current ratio (times)	**1.73**	2.02	1.96	1.45	1.57

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)**

FY2023

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	121,278	15,020	145,840
Automotive Components Design & Manufacturing	81,087	2,267	61,871
IMS: Total	**202,365**	**17,287**	**207,711**
Energy	**-**	**(1,744)**	**134,322**
Resources	**8,675**	**(2,211)**	**41,258**
Associate	**-**	**81**	**20,081**
Investment holding	**-**	**(3,206)**	**71,258**
Consolidation adjustments	-	(41)	(76,689)
Customer relationships	-	-	3,944
Goodwill arising on consolidation	-	-	22,182
Total	**211,040**	**10,166**	**424,067**

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**

GROUP STRUCTURE

AS AT 18 OCTOBER 2023

Globaltec Formation Berhad

- 100% Jotech Holdings Sdn Bhd
  - 100% PT Indotech Metal Nusantara (3)
  - 100% Cergas Fortune Sdn Bhd
  - 100% Malgreen Progress Sdn Bhd
  - 100% Globaltec International Sdn Bhd
- 100% AIC Corporation Sdn Bhd
  - 100% AIC Technology Sdn Bhd
  - 100% Prodelcon Sdn Bhd
    - 100% Globaltec Development Sdn Bhd
- 100% AutoV Corporation Sdn Bhd
  - 70% AutoV Mando Sdn Bhd
  - 100% GFB Automotive Sdn Bhd
  - 100% Autoventure Corporation Sdn Bhd
  - 70% GFB Healthcare Sdn Bhd
  - 84% Nobel Decree Sdn Bhd
  - 100% Proreka (M) Sdn Bhd
- 100% New Century Energy Services Sdn Bhd

- Investment Holding Segment
- Integrated Manufacturing Services Segment
- Resources Segment
- Energy Segment
- Associated Companies

GROUP STRUCTURE (CONT'D)

AS AT 18 OCTOBER 2023

- 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 (M) 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

Mr Kong Kok Keong
Group Deputy Chairman

Mr Ooi Boon Pin
Chief Executive Officer ("CEO") of Precision Machining & Automation Division/Executive Director

Mr Chen Heng Mun
Executive Director/Group Finance Director

Mr Wong Zee Shin
Senior Independent Non-Executive Director

Datuk Dr Yong Teck Shing, JP
Independent Non-Executive Director

Dato' Lee Teck Hua
Independent Non-Executive Director

Ms Au Peck Wai
Independent Non-Executive Director

AUDIT COMMITTEE

Wong Zee Shin (Chairman)
Datuk Dr Yong Teck Shing, JP
Dato' Lee Teck Hua

NOMINATING COMMITTEE

Wong Zee Shin (Chairman)
Datuk Dr Yong Teck Shing, JP
Dato' Lee Teck Hua

REMUNERATION COMMITTEE

Wong Zee Shin (Chairman)
Datuk Dr Yong Teck Shing, JP
Dato' Lee Teck Hua

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
Email: corporate@globaltec.com.my

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
Email: is.enquiry@my.tricorglobal.com

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
RHB Islamic Bank Berhad

PROFILES OF
OUR DIRECTORS

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

PSM, SSAP, SPDK, PGDK, ASDK, JP, PhD(h)

Age 62 **Gender** **Nationality**

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

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

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

On 2 October 2006, he was conferred the title of Panglima Gemilang Darjah Kinabalu ("PGDK") which carries the title of "Datuk" by the Honourable Head of State of Sabah, Malaysia. In December 2011, he was appointed as Justice of the Peace ("JP") by the Honourable Head of State of Malacca, Malaysia. On 26 December 2013, he was conferred the title of Sri Sultan Ahmad Shah Pahang ("SSAP") which carries the title of "Dato' Sri" by the Honourable Sultan Ahmad Shah of Pahang Darul Makmur, Malaysia. On 4 October 2014, he was conferred the award Seri Panglima Darjah Kinabalu ("SPDK") by the Honourable Head of State of Sabah, the highest state award in Sabah which carries the title 'Datuk Seri Panglima'. 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.

PROFILES OF **OUR DIRECTORS (CONT'D)**

MR KONG KOK KEONG

Group Deputy Chairman

Age 69 | **Gender** | **Nationality**

Mr 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.

MR OOI BOON PIN

CEO of Precision Machining & Automation Division / Executive Director

Age 65 | **Gender** | **Nationality**

Mr 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 process. He was subsequently promoted to the position of Project Engineering Manager and was responsible for the design and development of new tools and end-of-line assembly equipment. 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 was also in-charge of AIC Semiconductor, our Outsource Semiconductor Assembly and Test business unit from 2008 till 2018. He is also the Chairman of the Technical Advisory Committee for Applied Engineering at Penang Skills Development Centre. He was awarded the Pingat Kelakuan Terpuji by the Governor of Penang in July 2006.

PROFILES OF
OUR DIRECTORS (CONT'D)

MR CHEN HENG MUN
Executive Director/Group Finance Director

Age 53 | **Gender** | **Nationality**

Mr 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.

MR WONG ZEE SHIN
Independent Non-Executive Director

Age 48 | **Gender** | **Nationality**

Mr 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 was re-designated as Chairman of the Audit Committee, Nominating Committee and Remuneration Committee on 30 August 2022.

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.

PROFILES OF
OUR DIRECTORS (CONT'D)

DATUK DR YONG TECK SHING, JP, PhD

Independent Non-Executive Director
MSc

Age 66 | Gender | Nationality

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

Datuk Dr Yong is currently an Executive Director of Malaysia-China Business Council. He is also Managing Director IFreeGroup Security Sdn Bhd, a Subsidiary of IFreeGroup Hong Kong. He serves as Non-Executive Director of Treasure Sage Sabah Sdn Bhd and Yulon Capital Sdn Bhd.

Datuk Dr Yong previously served for 4½ years with the Ministry of Foreign Affairs Malaysia as Head of Mission from 2011 to 2015. Datuk Dr Yong also previously sat on the Board of the Malaysian Investment Development Authority since December 2020.

Datuk Dr Yong has a PhD degree in Business Administration from Asia e University, an accredited University by Ministry of Higher Education, Malaysia. He was also conferred Honorary Masters in Science (International Relations) by Universiti Malaysia Sabah. Datuk Dr Yong is a Permanent Member of Harvard University Cooperative USA, Life Member of the Harvard Business School Alumni of Malaysia, a member of International Police Association (IPA), holder of European Police Parachutist Badge, awarded by the European Association of Bodies and Public Organisations of Security and of Defense.

Datuk Dr Yong has also previously served as a Director of Universiti Malaysia Sabah and as a Director of Hyatt Regency Hotel Sabah. Datuk Dr Yong also served 13 years as Commandant of Police Volunteer Reserve, Sabah Contingent and earlier also served Regiment 507 of Malaysian Territorial Army with the rank of Lieutenant.

On 15 July 2016, Datuk Dr Yong was appointed as Justice of the Peace ("JP") by Head of State of Sabah.

DATO' LEE TECK HUA

Independent Non-Executive Director

Age 50 | Gender | Nationality

Dato' Lee Teck Hua ("Dato' Lee") was appointed to our Board on 1 February 2023. Dato' Lee was also appointed as a member of the Audit Committee, Nominating Committee and Remuneration Committee on 1 February 2023.

Dato' Lee graduated in 1994 from University of Strathclyde, Glasgow, and completed his Association of Chartered Certified Accountants ("ACCA") examination in 1996 from London. He is now a Fellow of the ACCA and Members of both Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He is also a Certified Member of Financial Planning Association of Malaysia. He was attached with PricewaterhouseCoopers previously in both taxation and audit divisions. He is currently the Senior Partner with LTTH PLT, a Chartered Accountants firm with 4 partners and 3 branches. Dato' Lee is also an Audit Oversight Board registered auditor under the purview of Securities Commission. He was appointed as a Director of China Construction Bank (Malaysia) Berhad on 20 January 2023.

PROFILES OF
OUR DIRECTORS (CONT'D)

MS AU PECK WAI

Independent Non-Executive Director

Age 46 | Gender | Nationality

Ms Au Peck Wai was appointed to our Board on 30 May 2023.

Au Peck Wai graduated with a degree in Business Administration from the University of Hertfordshire, UK in 1999 and completed her Institute of Chartered Secretaries and Administrators ("ICSA") examination in 2005. In 2001, she obtained a license as a company secretary from the Companies Commission of Malaysia and in 2006, she was elected as a member of ICSA. She has over 20 years of experience in the provision of secretarial services. In 2014, she was appointed as one of the directors of Codata Management & Services Sdn Bhd, a firm principally involved in the provision of secretarial services.

ADDITIONAL INFORMATION

Conflict of interest with 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

Family relationship with any Director and/or major shareholder of the Company
None

Particulars of material contracts of the Group, involving directors and major shareholders' interest
None

PROFILES OF
OUR KEY SENIOR MANAGEMENT

MR KEE YONG WAH

Deputy Executive Chairman of Energy Segment

Age 64

Gender

Nationality

Mr 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.

MR WOON WAI THONG

Chief Financial Officer

Age 49

Gender

Nationality

Mr 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 relationship 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 2023. Thank you for your continued support for the Group.

In FY2023, global growth continued to moderate and slow as a result of a slowdown in growth in major economies whilst ongoing military conflict and geo-political tensions continues to contribute to supply chain disruptions and higher inflation globally. On the demand side, high inflation in both the United States of America ("USA") and Europe slowed consumer spending. Large conglomerates around the world undertook several layoffs. On the cost side, raw material prices remain elevated although the prices have come down from its peak. In Malaysia, the increase in energy costs arising from the electricity tariff adjustments and mandatory wage and wage-related adjustments further exacerbate costs of production. Inventory levels, due to excessive build up in 2022, remain high and may take a longer period to digest, hence causing further deferment of expansion plans and uncertainty in spending.

FINANCIAL AND OPERATIONS REVIEW

The Group's revenue for the current FY increased 15% from RM184.3 million in the prior FY to RM211 million, underpinned by the increase in revenue of the Integrated Manufacturing Services ("IMS") segment from RM171.7 million to RM202.4 million year on year. The improvement was due mainly to the overall improving Malaysia and global economy in FY2023 vis-à-vis FY2022, in line with the abatement of the Covid-19 effects. This increase was partially offset by a decrease of RM3.9 million in revenue from the Resources segment to register at RM8.7 million for the current year as a result of lower oil palm fresh fruit bunch ("FFB") prices albeit higher FFB production.

The Group's net profit decreased from RM16.6 million for the previous FY to RM10.2 million for the current FY, attributable to a decline in the results of the IMS and Resources segment of RM1.3 million and RM4.6 million respectively. The IMS segment's profits declined due mainly to increases in material and labour costs. The Resources segment registered a net loss of RM2.2 million in the current FY versus a net profit of RM2.4 million in the prior FY, due mainly to lower average FFB prices, bearer plants written off of RM0.6 million (net of deferred tax) and fair value loss on biological assets of RM1.1 million. Bearer plants written off was in line with the Resources segment's replanting program which started during the last quarter of FY2023.

On 19 September 2022, the Company completed its subscription for a 45% equity interest of Metta Food & Lifestyle Sdn Bhd ("Metta") ("Subscription"). Metta and its subsidiaries ("Metta Group") is principally involved in the food and beverage ("F&B") retail industry, operating banquet-themed restaurants and cafes with the branding of De.Wan 1958 by Chef Wan ("De.Wan 1958") and Cafe Chef Wan respectively. Metta Group is led by amongst others, the multiple award-winning international celebrity chef, Datuk Redzuawan bin Ismail or better known as Chef Wan. De.Wan 1958 restaurant outlets are the only premium Malay cuisine restaurant that provides banquet-style dining. Cafe Chef Wan outlets on the other hand, offers modern international cuisines and local favourites that express the stories of Chef Wan's around-the-world culinary and travelling experiences. The Subscription enables GFB Group to participate in the growing F&B industry in Malaysia and will provide an additional stream of income and enhance the Group's profile.

REVENUE (FY2023)

RM211mil.

An increase from RM184.3 million in the previous FY

NET PROFIT (FY2023)

RM10.2mil.

Recorded a decrease from RM16.6 million in the previous FY

De.Wan 1958 by Chef Wan restaurant at The Linc KL

EXECUTIVE CHAIRMAN'S **STATEMENT (CONT'D)**

PROSPECTS

Economic growth was expected to average 4.0% this year and rise to 4.6% in 2024. The global economic slowdown, persistent inflation, and continuing rate hikes by the US Federal Reserve, the rather muted recovery from China's reopening, ongoing geo-political tensions, meanwhile, diminish prospects for the year. Despite these headwinds, 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.

Indonesia's, where our Energy Segment and Precision Metal Stamping & Tooling division operate in, economy is expected to grow by 4.8% in 2023 and 5.0% in 2024 as the commodity boom wanes and domestic demand normalizes, according to a report by the Asian Development Bank. Due to private consumption accounting for a large share of Indonesia's economy, as consumer spending further normalizes and benefits from the tapering off of inflation, this should put a floor on Indonesia's growth. Investment in Indonesia, however, is likely to remain modest as businesses remain cautious and wait out the uncertainties.

The Malaysian Automotive Association has revised upwards its car sales forecast for 2023 to 725,000 units, up 11.5% from its initial 650,000 units projected at the start of the year. The upward momentum is expected to continue in the next few years supported by sales from the national carmakers, Proton and Perodua. The optimism is also supported by the stable economic outlook for 2023, with the local economy projected to expand between 4% and 5%, driven by domestic demand as well as the launching of new innovative models and competitive pricing. Improvements in the automotive industry supply chain environment also bodes well for the car sales moving forward. Bank Negara Malaysia's decision to maintain the overnight policy rate at 3% will help stabilise the market in terms of financing for car purchases.

Following a growth rate of 22% in 2022, Malaysia's F&B industry is expected to grow by 8% in 2023. Despite these promising trends, the F&B industry in Malaysia faces several challenges, in terms of rising costs, such as food ingredients, rent, and utilities put pressure on food outlets to maintain competitive prices without compromising profitability, shortage of skilled labor, where the government has implemented stricter policies to reduce the number of foreign workers, which the F&B industry is reliant on, and intense competition.

CAR SALES FORECAST IN 2023

725,000 units

An 11.5% increase from 650,000 units projected at the start of the year.

CHALLENGES FACED BY F&B INDUSTRY IN MALAYSIA

- Rising operating costs
- Shortage of skilled labor due to restrictions imposed on foreign workers
- Intense competition

EXECUTIVE CHAIRMAN'S **STATEMENT (CONT'D)**

FORWARD PLANS AND STRATEGIES

2023 marks 4 years of consecutive net profit for the Group and this was achieved despite the moderating global and fragile economy, China's slower-than-expected economic recovery, persistent elevated inflation, high interest rates and geopolitical uncertainties still weighing on economic activities, businesses and consumer confidence. 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, net profits and cash flows.

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. On this note, the Precision Stamping and Tooling division (a sub-division of the IMS segment)'s third facility in Indonesia totalling 27,093 sq. ft which is scheduled to be completed by end 2023 is expected to contribute positively to the financial performance of the Group. In addition, strategies and action plans are in place to actively strengthen customer relationships, regain and increase market share especially for the Automotive division. The Precision Machining Automation ("PMA") sub-division is foreseeing demand moving forward to be subdued. Consequently, the PMA sub-division will thread cautiously in managing its business activities and will prioritize in cost and cash flow management. The PMA sub-division will endeavor to broaden existing market and pursue new business opportunities besides working hard in maintaining competitive advantages with high quality products, low manufacturing cost, excellent customer service and expertise in engineering and production.

As FFB prices have come off its highs in 2022, the Resources segment has taken this opportunity to embark on its replanting programme that will cover about 76% of its planted area over a period of around 10 years. The replanting will result in new oil palm trees providing better yield over time as the new oil palm trees will only mature, bearing fruit after 3 years of age and fully mature by 5 years old resulting in a production gap. As replanting involves the cutting down of the old trees, the financial results of the Resources segment will be impacted moving forward, by bearer plants written off during the replanting programme as well as lower revenue due to the production gap resulting from the time to maturity for the new oil palm trees.

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 coal bed methane supply, will endeavour to carry out its pre-development activities and quickly monetising its gas reserve for its most advanced PSC, the Tanjung Enim PSC.

In respect of the associate, Metta Group, we look forward to their further profit contribution, as the F&B retail industry in Malaysia continue to grow. 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 further expand its De.Wan 1958 & Cafe Chef Wan outlets and/or in terms of its presence via licensing arrangements, in Malaysia in the near future and has plans to take advantage of its international branding and market.

> **"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."**

The Energy segment is positioning to fill the transition to a low carbon future with its overall long-term strategy to integrate its South Sumatras PSCs, comprised of:

1. Tanjung Enim PSC
2. Muara Enim PSC
3. Muralim PSC & Muara Enim II PSC
4. Develop a large scale coal bed methane supply

EXECUTIVE CHAIRMAN'S **STATEMENT (CONT'D)**

CORPORATE GOVERNANCE AND INVESTOR RELATIONS

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

SUSTAINABILITY

Your Board believes in the importance of sustainability of the environment and stakeholders in which the Group operates, in that the improvement in the conditions surrounding our stakeholders, employees, society and the environment, which is the embodiment of sustainability, is vital to the growth of the Group. Your Board recognises that acting in a responsible and sustainable manner creates new opportunities, enhances investor value, and improves social, economic and environmental returns. 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 2022 paid its second consecutive annual dividend of RM4.8 million in respect of FY2022. In view of the profits made by the Company and the Group in FY2023, and to continue our commitment in delivering returns to our shareholders, your Board is pleased to declare a dividend of 1.1 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.

DIVIDEND OF
RM4.8mil.
in respect of FY2022

DIVIDEND OF
1.1 sen
per ordinary share for FY2023

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 welcome Dato' Lee Teck Hua and Ms Au Peck Wai in joining the Board of Directors and look forward with Dato' and Au with their sharing of invaluable expertise, network and experience for the achievement of the Company. Ms Au also represents our female director, and a mark of our sincere and commited efforts in achieveing gender diversity in the Board.

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.

Tan Sri Datuk Seri Panglima (Dr.) TC Goh, JP
Group Executive Chairman,
18 October 2023

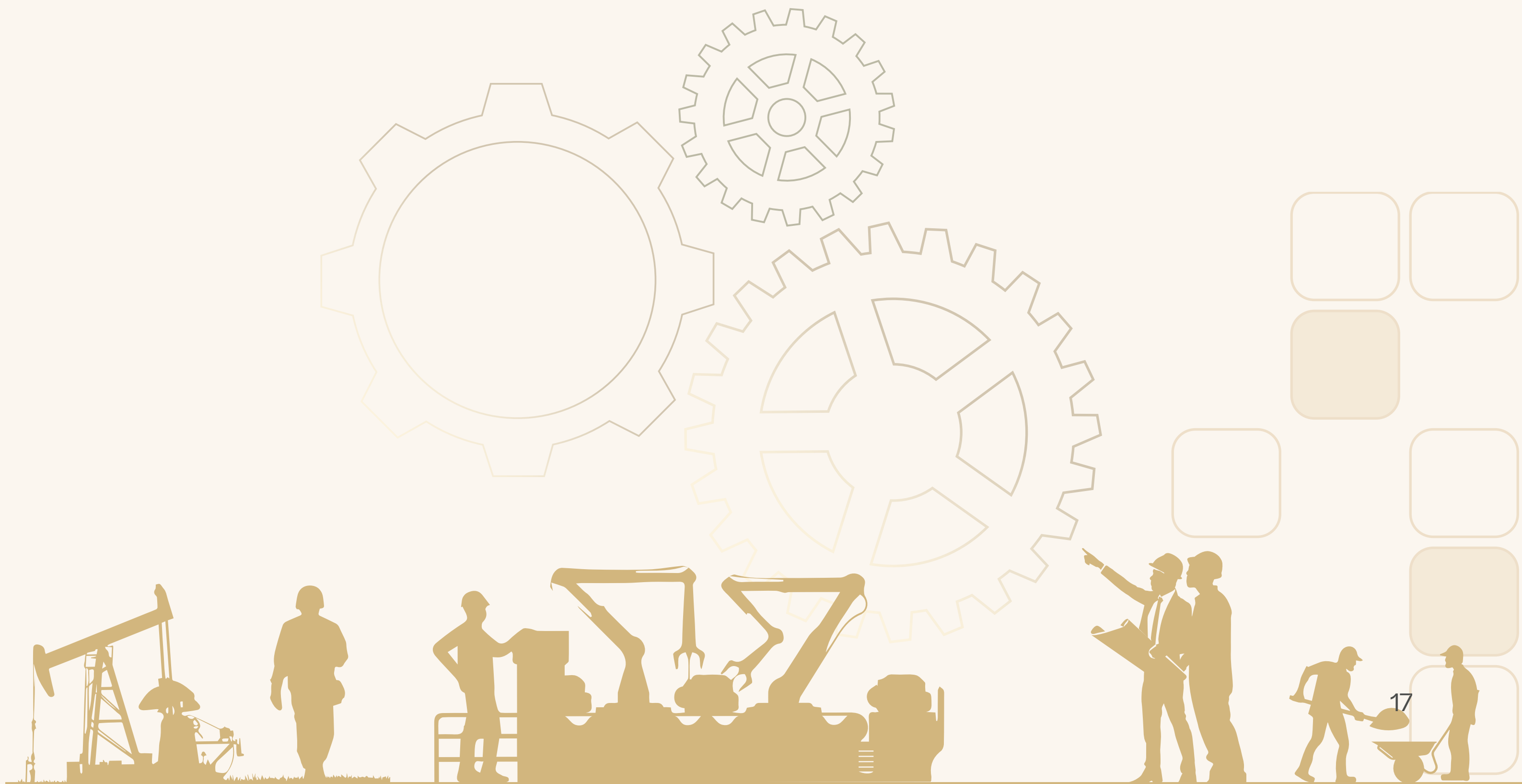
MANAGEMENT
DISCUSSION AND ANALYSIS

ECONOMY OVERVIEW

The Malaysian economy expanded moderately by 2.9% in the second quarter of 2023 (1Q 2023: 5.6%), weighed mainly by slower external demand. Domestic demand remained the key driver of growth, supported by private consumption and investment. Household spending was supported by further growth in employment and wages. Investment activity was underpinned by capacity expansion, progress of multi-year projects and higher fixed asset spending by the government. Continued recovery in inbound tourism partially offset the slower goods export growth. Meanwhile, production in the agriculture and mining sectors were affected by hot weather and plant maintenance. For the remainder of 2023, growth to remain moderate amid external headwinds but continues to be supported by resilient domestic demand amid improving employment and income as well as implementation of multi-year projects. With the challenging global environment, the Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023. *(Source: Bank Negara Malaysia's Quarterly Bulletin 2nd quarter of 2023)*

Resilient consumer spending on services, moderating inflation and declining immediate risk in the banking sector have fueled some upturns for the global economic outlook. The improvements remain fragile, however, with China's slower-than-expected economic recovery, rather sticky core inflation, high interest rates and geopolitical uncertainties still weighing on economic activities, businesses and consumer confidence. Cost-wise, raw material prices remain elevated although the prices have come down from its peak. In Malaysia, the increase in energy costs arising from the electricity tariff adjustments and mandatory wage and wage-related adjustments further exacerbate costs of production. Inventory levels, due to excessive build up in 2022, remain high and may take a longer period to be fully consumed/sold, hence causing further deferment of expansion plans and uncertainty in spending. Taking cognisance of the above, the Group's businesses remain vigilant of its costs and sustainability to mitigate the impact of slower growth and demand.

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. Indonesia's economic growth in the second quarter accelerated unexpectedly to its highest rate of 5.17% in three quarters, shored up by strong household and government spending, even as exports weakened with falling commodity prices. The better-than-expected 2Q GDP growth has the economy on track to hit the yearly growth target of 5.0-5.3%YoY. With inflation softening further, we can expect household spending to offset soft export growth in the coming months. *(Source: Reuters and Focus Economics websites)*



MANAGEMENT
DISCUSSION AND ANALYSIS (CONT'D)

GROUP PERFORMANCE OVERVIEW

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

	FY Ended 30 June					
	Revenue				Net profit/(loss) attributable to owners of the Company	
	2023		2022		2023	2022
Segment / Division	RM'000	%	RM'000	%	RM'000	RM'000
Precision Machining, Stamping and Tooling ("PMST") ^	121,278	57	117,957	64	15,020	17,666
Automotive	81,087	39	53,781	29	2,267	937
IMS	**202,365**	**96**	**171,738**	**93**	**17,287**	**18,603**
Resources	**8,675**	**4**	**12,537**	**7**	**(2,211)**	**2,396**
Energy	**-**	**-**	**-**	**-**	**(1,744)**	**(3,127)**
Investment holding	**-**	**-**	**-**	**-**	**(3,206)**	**(1,980)**
Associate	**-**	**-**	**-**	**-**	**81**	**-**
Consolidation adjustments	-	-	-	-	(41)	678
Total	**211,040**	**100**	**184,275**	**100**	**10,166**	**16,570**

Note:

^ *The PMST Division is in the business of precision machining & automation ("PMA") and precision metal stamping & tooling ("PST").*

The Group's revenue for the current financial year ("FY") increased 15% from RM184.3 million in the prior FY to RM211 million, underpinned by the increase in revenue of the IMS segment. The IMS segment registered an increase in revenue from RM171.7 million to RM202.3 million year on year, due to an increase of RM27.3 million and RM3.3 million from the Automotive and PMST division respectively. The improvement was due to the overall improving Malaysia and global economy in FY2023 vis-à-vis FY2022, in line with the abatement of the Covid-19 effects. In addition, high delivery of vehicles in FY2023, to meet the sales and service tax exemption concession, which ended on 31 March 2023 coupled with that in FY2022, the Malaysian automotive industry supply chain was disrupted by Covid-19 lockdown (July 2021 to mid-Aug 2021) and a massive flood in Selangor and its after-effects that lasted from Dec 2021 to about May 2022. This increase was partially offset by a decrease of RM3.9 million in revenue from the Resources segment to register at RM8.7 million for the current year as a result of lower oil palm fresh fruit bunch ("FFB") prices albeit higher FFB production.

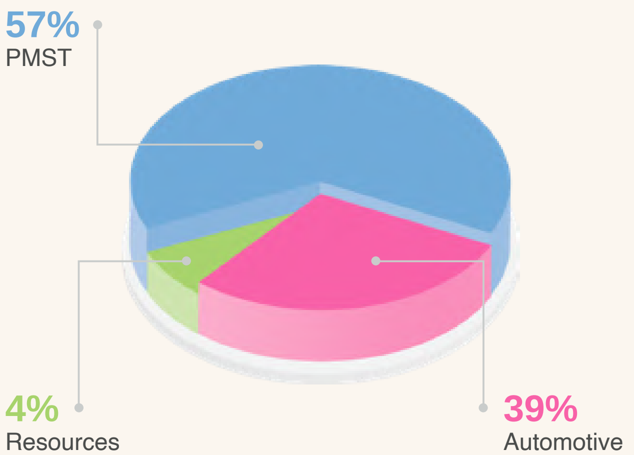
The Group's net profit decreased from RM16.6 million for the previous FY to RM10.2 million for the current FY, attributable to a decline in the results of the IMS and Resources segment of RM1.3 million and RM4.6 million respectively. The PMST division recorded a decrease in net profit of RM2.6 million due mainly to increases in material and labour costs. The Automotive division chalked up an increase in net profits of RM1.3 million for the current FY as compared to RM0.9 million for FY2022, in line with its higher revenue. The Resources segment registered a net loss of RM2.2 million in the current FY versus a net profit of RM2.4 million in the prior FY, due mainly to lower average FFB prices, bearer plants written off of RM0.6 million (net of deferred tax) and fair value loss on biological assets of RM1.1 million. Bearer plants written off was in line with the Resources segment's replanting program which started during the current quarter.

MANAGEMENT
DISCUSSION AND ANALYSIS (CONT'D)

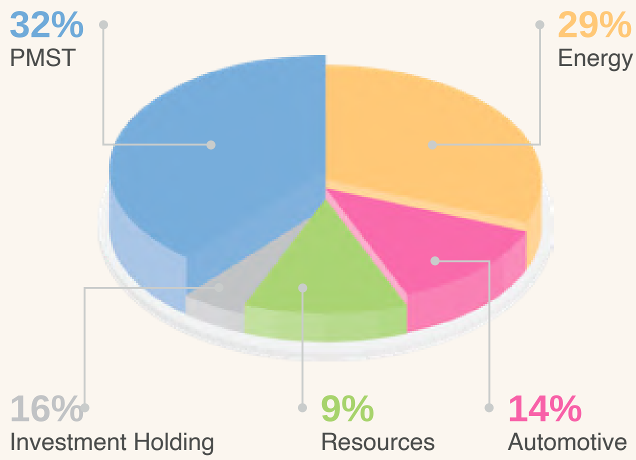
GROUP PERFORMANCE OVERVIEW (CONT'D)

The contribution in terms of revenue and assets for the segments for FY2023, are depicted below:

FY2023 Revenue
(RM211 million)



FY2023 Total Assets
(RM424 million)



During the current FY, due mainly to the subscription payment of RM20 million for a 45% equity interest in Metta Food & Lifestyle Sdn Bhd ("Metta") as further described below under "Associate" section, and a dividend payment of RM4.8 million to owners of the Company, the Group's cash and cash equivalents reduced from RM81.7 million as at last FY end, to RM57.4 million as at 30 June 2023. Comparing as at 30 June 2023 with as at 30 June 2022, the Group's net assets per share has increased from RM1.00 to RM1.045 whilst the gearing remained healthy at 0.04 times.

IMS Segment

PMST Division

During the current FY, revenue from the PMST Division increased 3% from RM118.0 million in FY2022 to RM121.3 million. However, net profit decreased from from RM17.7 million to RM15.0 million.

- **PMA sub-division**

  During the FY, revenue contribution from the PMA sub-division fell by RM6.0 million from RM63.2 million to RM57.2 million as a result of a decrease in customer orders mainly as a result of overstocking by customers in the prior financial year and disruptions in the supply chain. However, the PMA sub-division had benefited from foreign exchange gains, due to the strengthening of the United States Dollar against RM. As part of its new business project in its medical devices manufacturing, during the FY, the PMA sub-division had invested in more high technology machines. The PMA sub-division had obtained government grant to subsidise machinery costs and related expenses in respect of the production of medical devices. The PMA sub-division has also expanded the production capacity in its second plant at Penang Science Park to meet customers' expectation and also set up new robotic handling system in its second plant which will increase productivity, efficiency as well as reduced operation costs.

  The PMA sub-division is exposed to persistent inflation, customer concentration risk, currency exchange risk, external pricing pressure, threats of new entrants and escalation of employment cost and raw materials. The PMA sub-division is foreseeing demand moving forward to be subdued. Consequently, the PMA sub-division will thread cautiously in managing its business activities and will prioritize in cost and cash flow management. The PMA sub-division will endeavor to broaden existing market and pursue new business opportunities besides working hard in maintaining competitive advantages with high quality products, low manufacturing cost, excellent customer service and expertise in engineering and production.

MANAGEMENT
DISCUSSION AND ANALYSIS (CONT'D)

GROUP PERFORMANCE OVERVIEW (CONT'D)

IMS Segment (cont'd)

PMST Division (cont'd)

- **PMA sub-division (cont'd)**

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

CNC Autolathe machines

- **PST sub-division**

In line with the expansion in the Indonesian economy during the current FY, the Indonesian automotive industry which is also the second-largest car manufacturing nation in Southeast Asia and the ASEAN region, was buoyed by the increase in private consumption. Moreover, as the automotive industry is one of the key and strategic industries of Indonesia, the Government of Indonesia was supportive and provided incentives or discounts on the purchase of cars and the lowering of tax rates to boost private consumption. As such, revenue from the PST sub-division increased from RM54.7 million to RM64.1 million year on year. In line with this increase, net profit moved up by RM1.8 million to register at RM6.0 million for the current FY. This increase was also aided by its prudent cost and working capital management.

The PST sub-division is subjected to external pricing pressure and increasing cost of labour and raw materials as a result of persistent worldwide inflation. 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. To cater to expected increase in customer orders and to alleviate capacity constraints, PST has commenced building up its third facility with a built up area of 27,093 sq. ft, which is scheduled to be completed by end of 2023 and is anticipated to contribute positively to the revenue, profits and cash flows of the PST sub-division as well as the Group.

PST sub-division's third facility under construction

MANAGEMENT
DISCUSSION AND ANALYSIS (CONT'D)

GROUP PERFORMANCE OVERVIEW (CONT'D)

Automotive Division

After two consecutive years of declining sales, the Malaysian automotive total industry volume ("TIV") recovered strongly to register an all-time high of 720,658 units in 2022. The growth in TIV was largely due to the pent-up demand as well as the sales tax exemption for passenger vehicles which started on 15 June 2022 and was extended until 31 March 2023. Implementation of Malaysia's short-term National Economic Recovery Plan (PENJANA), stimulating post-pandemic economic revival, further fortified sales. Buoyed by the recovery, the Automotive division recorded an improvement in revenue by 52% to RM81.1 million in FY2023, compared to RM53.8 million in FY2022 and recorded its best-ever net profit for over a decade more than doubling from RM0.9 million in FY2022 to RM2.3 million. The improved results were made possible as the Automotive division took the opportunity to become leaner, more efficient and improve on its resilience in the wake of challenges. The challenges of the Movement Control Orders from the COVID-19 pandemic and extensive floods before, has yielded many lessons to not only overcome these obstacles but to manage and channel growth in an under-pressure industry. Intensifying cost management through effective cost savings, optimizing initiatives and making improvements in efficiency and productivity across the business processes has been key to the delivery of better operational performance.

The various productive measures taken include initiatives such as:-

1) Rationalisation of resources and optimizing 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,

The financial strength built up over the years has also enabled the Automotive division to effectively navigate through the headwinds presented by the continued rising costs and inflationary pressures. The Automotive division's focus on cash flow management paid off with the division recording a strong cash flow of RM19.8 million at the end of FY2023 that will enable the execution of planned investment from future projects award. The Automotive division will focus and continue with its planned approach to sustain and increase its revenue with innovative localization 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.

Bank Negara Malaysia has recently reported that the Malaysian economy is projected to expand by 4.0% to 5.0% in 2023 driven mainly by firm domestic demand and improvement in the labour market with continued expansion in wages. The Malaysian Automotive Association has also revised the 2023 forecasted TIV to exceed the TIV in 2022 at 725,000 units. Despite the positive market sentiments and economic conditions, we remain cautious of the many challenges in FY2024 and beyond. The potential downside risks to economic growth remain with expectations of a weaker than expected global economic growth as well as continued geopolitical tensions on a global scale and the slowing down of the Chinese economy. The local automotive sector will continue to face challenges such as the weakening of the Ringgit, high interest environment that could stifle the growth of automobile sales, inflationary pressure and margin erosion caused by the continued rising costs of inputs.

The Automotive division will continue to exercise prudence in managing its capital and operational expenditure and drive further cost rationalization whilst capitalizing on future growth opportunities.

Resources Segment

In the prior FY, due to supply constraints of edible oils caused mainly by the military conflict in Ukraine, FFB prices were high and elevated. As the supply situation normalised in FY2023, the Resources Segment recorded a decrease of 31% in its revenue from RM12.5 million in the prior FY to RM8.7 million. This was attributable to a drop in average FFB prices from RM1,073 per metric tonne ("mt") to RM724 per mt but was offset partially by an increase in FFB production from 11,679 mt to 11,996 mt. In tandem with the decline in revenue caused by lower average FFB prices causing margin compression, bearer plants written off (net off deferred tax) of RM0.6 million resulting from the felling of old oil palm trees in accordance to its replanting program which commenced towards end of the current FY and fair value loss on biological assets of RM0.5 million, the Resources segment registered a net loss of RM2.2 million in FY2023 versus a net profit of RM2.4 million for FY2022.

MANAGEMENT **DISCUSSION AND ANALYSIS (CONT'D)**

GROUP PERFORMANCE OVERVIEW (CONT'D)

Resources Segment (cont'd)

As FFB prices have come off its highs in 2022, the Resources segment has taken this opportunity to embark since the end of FY2023 its replanting programme that will cover about 76% of its planted area over a period of around 10 years. The replanting will result in new oil palm trees providing better yield over time as the new oil palm trees will only mature, bearing fruit after 3 years of age and fully mature by 5 years old resulting in a production gap. As replanting involves the cutting down of the old trees, the financial results of the Resources segment will be impacted moving forward, by bearer plants written off during the replanting programme as well as lower revenue due to the production gap resulting from the time to maturity for the new oil palm trees.

Energy Segment

The Energy segment, which has not commenced commercial production recorded a lower net loss of RM1.7 million for the current FY vis-à-vis RM3.2 million in the prior FY. This improvement was attributable mainly to the Energy segment registering a lower (effective share of) fair value loss on other investment of RM53,000 for the current FY as compared to RM1.2 million for FY2022. As at end of the FY, the carrying value of the exploration and evaluation assets amounted to RM125.7 million with a total of RM4.1 million (FY2022: RM3.7 million) exploration expenditure incurred in FY2023.

The Energy segment has 4 Production Sharing Contracts ("PSC"), namely Tanjung Enim PSC, Muralim PSC, Muara Enim PSC and Muara Enim II PSC, 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 km2. The Energy segment is the operator of all the 4 CBM PSCs. The Energy segment's strategy is to integrate all its PSCs in South Sumatra as a CBM hub to supply sustainable clean energy to the local market and Indonesia.

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	-	-	2,704	1,421	4,125

Tanjung Enim PSC

The Ministry of Energy and Mineral Resources ("MEMR") has in 2021, 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 ~33km2 (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 billion standard cubic feet ("bscf") (FY2022: 165 bscf) in these areas. The Energy segment has received the Seller Appointment Letter from the Indonesian Special Taskforce for Upstream Oil & Gas Business Activities ("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 Tanjung Enim POD 1 prescribes for gas production and delivery to plateau up to 25 million standard cubic feet per day ("mmscfd").

MANAGEMENT
DISCUSSION AND ANALYSIS (CONT'D)

GROUP PERFORMANCE OVERVIEW (CONT'D)

Energy Segment (cont'd)

Tanjung Enim PSC (cont'd)

The Energy segment has on 10 February 2023 signed a Heads of Agreement with PT. Laras Ngarso Gede ("Laras Energy") and was later extended with an Extended Heads of Agreement on 10 August 2023, on similar terms and conditions, for the supply and sale commitment by the Energy segment and the purchase commitment by Laras Energy, of CBM produced from Tanjung Enim's POD 1. Subsequently, the Energy segment submitted a letter of request for gas allocation and price, to SKK Migas in February 2023. All the required documentation has already been submitted and is now pending the approval of MEMR. Concurrently the Energy segment is working on the draft Gas Sales Agreement ("GSA") with Laras Energy. This initial phase of gas sale is estimated at 1 mmscfd of CBM and represents the gradual progress in achieving the 25 mmscfd of gas production as approved under the Tanjung Enim POD 1.

In addition, the Energy segment has in September 2023, obtained the environmental permit for the Tanjung Enim POD 1 from the Ministry of Environment and Forestry of Indonesia. The Energy segment has also finalised the location of all the proposed well sites and is in the final stage of land acquisition. The Energy segment and SKK Migas representatives have already conducted a site visit and joined in the socialization process with the local community in June 2023. The Energy segment has initiated the procurement process for long lead time items, and appointed some of the service companies necessary for the early gas sales program.

Muralim PSC

On 1 August 2022, MEMR via SKK Migas has approved an additional exploration period until 18 July 2023. The Energy segment has in 2021, 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. The Energy segment now needs to continue the dewatering process to determine the gas productivity for future development. Nevertheless, production testing/dewatering process was impacted and delayed by the following factors:

i) Changes in the environmental regulations in September 2021, resulted in the Energy segment only being re-issued the new environmental permit by the Ministry of Environment of Indonesia in January 2022. Prior to obtaining the new permit, the production testing/dewatering activities were suspended;
ii) COVID-19 lockdowns imposed in the supplier's country resulted in the delivery of the necessary equipment for the dewatering process was delayed; and
iii) The water production from MU-005TW well is higher than earlier expected and this has slowed the progress to complete the dewatering process.

Due to the high-water production causing a delay in the completion of the dewatering process, the Energy segment had discussed with SKK Migas to extend the exploration period beyond the deadline of 18 July 2023. MEMR through SKK Migas has agreed and granted an extension of the exploration period to 29 March 2025. NuEnergy is currently also preparing to activate an existing well MU-006, which is adjacent to MU-005TW, to accelerate the dewatering process and expedite gas flows.

To date, there are a total of six wells that have been previously drilled in the Muralim PSC.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

GROUP PERFORMANCE OVERVIEW (CONT'D)

Energy Segment (cont'd)

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 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 firm commitments under the PSC. Nevertheless, the Energy segment has in February 2023, obtained the letter of approval from MEMR for an additional exploration period of 24 months until 29 January 2025 to complete the exploration firm commitments. The additional exploration period will enable the Energy segment to gather gas production data in order to proceed with reserves certification to fulfill a POD submission requirement This will enable the Muara Enim II PSC to migrate from exploration to development status.

Associate

On 19 September 2022, the Company had completed its subscription for a 45% equity interest of the enlarged share capital of Metta ("Subscription"). Metta and its subsidiaries ("Metta Group") is principally involved in the food and beverage ("F&B") retail industry, operating banquet-themed restaurants and cafes with the branding of De.Wan 1958 by Chef Wan ("De.Wan 1958") and Cafe Chef Wan respectively. Metta Group is now associated companies of the Group. Founded in 2019, the Metta Group's restaurants and cafes are established and led by the multiple award-winning international celebrity chef, Datuk Redzuawan bin Ismail or better known as Chef Wan and Andre Shum Khum Yuin, the Chief Executive Officer ("CEO") of Metta Group. De.Wan 1958 restaurant outlets are the only premium Malay cuisine restaurant that provides banquet-style dining. De.Wan 1958 targets medium to bigger scale corporate events to capture higher market catchment and brand awareness amongst local and foreign companies. The concept that De.Wan 1958 is built upon, is the inspiration to redefine Malaysian cuisine and food culture. The De.Wan 1958 concept brings about nicely decorated restaurants and event hall that is fully fitted with state-of-the-art audio-visual equipment and stage. Cafe Chef Wan outlets on the other hand, offers modern international cuisines and local favourites that express the stories of Chef Wan's around-the-world culinary and travelling experiences. The menu is specially curated and hence distinguishes itself from other competitors. Metta Group is also involved in the sales and production of fast-moving consumer goods related to its business, such as its own branded sauces, butter and spices. The Subscription enables GFB Group to participate in the buoyant and growing F&B industry in Malaysia and will provide an additional stream of income and diversify the Group's sources of income. Furthermore, leveraging on the reputation and international branding of a celebrity chef like Chef Wan and the F&B outlets nationwide and regionally in the future, which has access to the masses, particularly the affluent retail market and also the ability of De.Wan 1958 to hold large scale events/functions for corporates or private bodies, such as associations and other organisations, GFB Group is able to enhance its profile and recognition, which in turn, may benefit its existing businesses.

During the current FY and within a period of just under half a year, Metta Group has more than doubled its number of outlets from 4 to 9 outlets and is gearing to expand further in the near future. Metta Group's revenue for the 9 months (since the date of the Subscription) for the current FY ("Relevant Period") amounted to RM25.2 million which was commendable considering the 5 new outlets only come onstream around January 2023. And Metta Group for this Relevant Period, although profitable, was affected by necessary pre-opening costs, which are mainly costs relating the training of the restaurant and cafe staffs of the 5 new outlets and also more substantially the accounting charge from the adoption of MFRS 16, Leases. As such, Metta Group recorded a net profit of RM180,000 of which the Group equity accounts a share of net profit of RM81,000. Excluding the MFRS16 accounting charge, Metta Group would register a net profit for the Relevant Period of RM0.7 million.

Malaysia's F&B industry is expected to grow by 8% in 2023. Despite these promising trends, the F&B industry in Malaysia faces several challenges, in terms of rising costs, such as food ingredients, rent, and utilities put pressure on food outlets to maintain competitive prices without compromising profitability, shortage of skilled labor, where the government has implemented stricter policies to reduce the number of foreign workers, which the F&B industry is reliant on, and intense competition. On this note, Metta Group plans to cost rationalize through manpower adjustment and re-alignment, continuous cross marketing strategy between the brands and products, optimising operational efficiency and reducing wastage and increasing brand awareness through promotions and marketing strategies.

SUSTAINABILITY STATEMENT

Group's Sustainability Goals and Objectives

The Board believes that the improvement in the conditions of and surrounding of our stakeholders, employees, society and the environment, the embodiment of the Group's Sustainability, is vital to the growth of the Group. The Board recognises that acting in a responsible and sustainable manner creates new opportunities, enhances investor value, and improves social and environmental returns.

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 line with Malaysian Code of Corporate Governance 2021 ("MCCG 2021"), the Board has formalised and adopted a Sustainability Framework ("Sustainability Framework") on 25 August 2022, whose main objectives include inter-alia, to ensure, the policies and procedures/practices are oriented towards achieving the Group's sustainability objective and adequate and standardised sustainability policies and procedures are consistently applied throughout the Group. The Board also believes in setting the right tone from the top in embedding a culture of sustainability and integrating environmental, social and governance ("ESG") throughout the Group's operations. The Sustainability framework is published on the Company's website.

This sustainability statement highlights the sustainability measures and activities that 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 the financial year ("FY") ended 30 June 2023. 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	7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	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	8 DECENT WORK AND ECONOMIC GROWTH	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

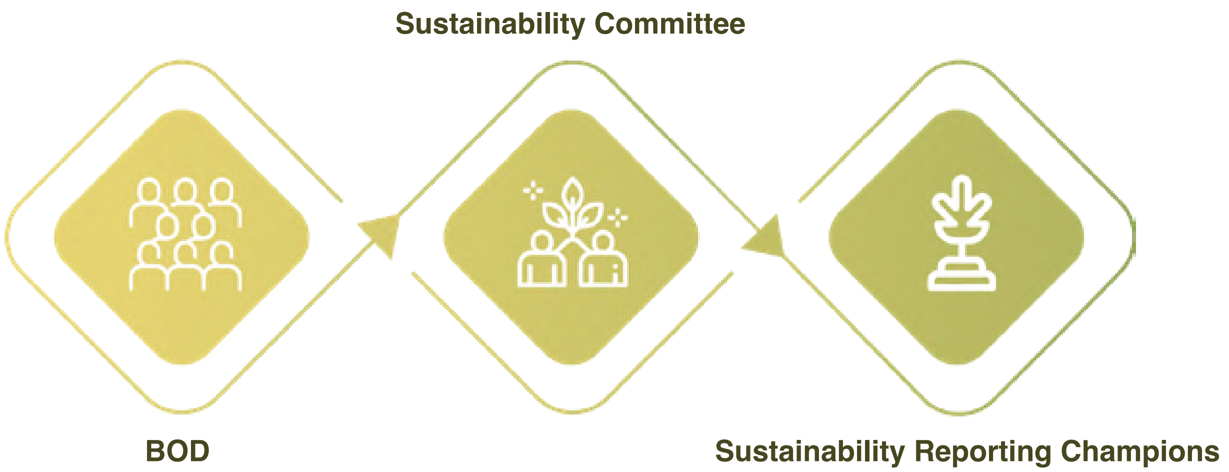
SUSTAINABILITY **STATEMENT (CONT'D)**

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 one female director at the Company Board of Directors ("BOD" or "Board") in the future
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

the details of the targets and performance indicators in each of the sustainability matters by the next FY.

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 and conflict of interest policy, 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, Conflicts of Interest Policy, 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.

During the current FY, 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 • Provides overall direction and oversight of all sustainability initiatives • Drives the strategy for sustainability progressively • BOD will be briefed and updated on the status of sustainability matters • Endorses any Terms of Reference ("TOR") for the SC • Review and Approves the Sustainability Statement and/or Summary Report for disclosure purposes in the Annual Report	• Supports the sustainability accountability of the BOD • Reviews and updates the TOR for SC • Development of sustainability policies and frameworks for BOD endorsement • Operational general monitoring of the implementation of sustainability action plans • Receives and reviews the sustainability updates through the appropriate reports • 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
• Facilitates stakeholders' engagement session for identification of key sustainability matters • Disseminate sustainability reporting information request template to the respective champions • Co-ordinates input of disclosure information, sustainability information and measurement initiatives from respective champions • Monitors and follow-up on the implementation status of sustainability initiatives • Prepare appropriate sustainability progress report to SC • 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	• Supporting the Sustainability Coordinator for sustainability initiatives for the Group • Assesses key sustainability matters and stakeholders involved for the Group, divisions and/or subsidiaries • Drives sustainability initiatives under the purview in line with the sustainability frameworks used; • Evaluate the need to outsource sustainability initiatives in which the Group does not possess the expertise • Liaises with the Sustainability Coordinator on the implementation status update of sustainability reporting initiatives and input of disclosure information

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.

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder Engagement (cont'd)

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

SUSTAINABILITY **STATEMENT (CONT'D)**

Stakeholder Engagement (cont'd)

Stakeholder Group and Engagement (cont'd)

Stakeholder Group	Stakeholder Engagement	Sustainability Issues	Frequency of Engagement
Government and regulatory authorities	• Dialogue sessions • Correspondences • Meetings • On-site inspections	• Regulatory compliance • Environmental Compliance • Occupational health and safety • Human rights • Product Responsibility	• Periodically

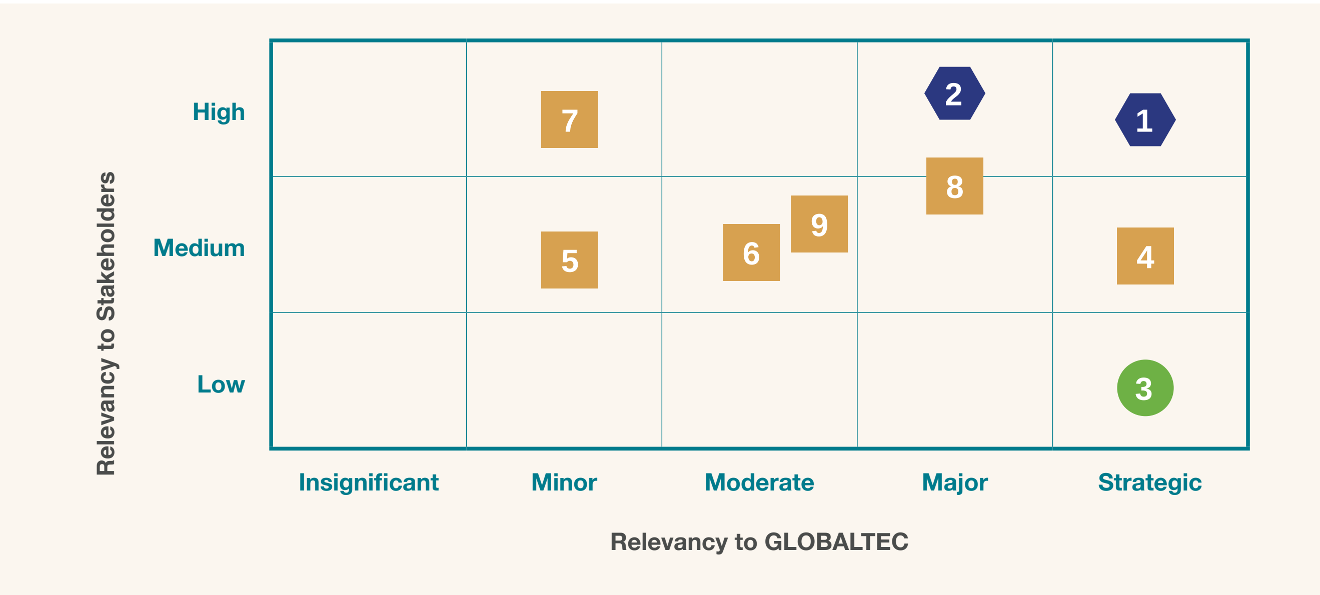
Sustainability Materiality Matrix

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.

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

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



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. During the current FY, there were no major exceptions in respect of the production processes in meeting the process timeline and cost budgets.
2.	To ensure compliance with the regulations and law	Zero penalty or fines from the regulatory bodies During the current FY, there were no major penalty or fines from the regulatory bodies.

Economic Contribution

In FY2023, global growth continued to moderate and slow as a result of a slowdown in growth in major economies whilst ongoing military conflict and geo-political tensions continues to contribute to supply chain disruptions and higher inflation globally. On the demand side, persistent high inflation globally slowed consumer spending. In the midst of the slowing growth, the Group improved its revenue by 15% to RM211 million but profitability was impacted by higher costs mainly in material, labour and energy costs. As a result, the Group's net profit decreased from RM16.6 million to RM10.2 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 Restriction of Hazardous Substances ("RoHS") and Registration, Evaluation, Authorization and Restriction of Chemicals ("REACH") Compliance. RoHS and REACH Compliance are elaborated in detail under the Environmental Preservation sections. We also inculcate strong governance practices with recommended practices prescribed under the MCCG 2021. These corporate governance's practices are explained in this annual report's Corporate Governance Overview Statement section and our Corporate Governance Report.

SUSTAINABILITY **STATEMENT (CONT'D)**

Environmental Preservation

Key highlights

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

Actions Plans and Key Performance Indicators for Environmental Preservation

No.	Action Plans	Sustainability Key Performance Indicators
1.	To monitor and record diesel consumption in business operations	Reduce diesel consumption in business operations. Diesel is mainly used in the Precision Stamping and Tooling division ("PST"), plantation division ("Resources segment") and Energy segment (which has not commenced commercial production yet). During the current FY, total diesel consumption (litre/sales in %) of the Group was 0.08%. The Group will continue to explore other alternatives to reduce diesel consumption.
2.	To implement energy and water saving awareness at our business premises	Increase energy efficiency. The Group's electricity consumption measured in terms of % of electricity (kwh)/sales(RM) was 2.68% whereas water consumption measured in terms of % of water (m^3)/sales(RM) was 0.02%.
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 regulations. During the current FY and previous FY, there were no cases of non-compliance with environmental regulations.
4.	To capture and record our carbon emissions and establish our target for carbon reduction	Reduction in carbon emission. The Group is in the midst of compiling the data for this aspect and will endeavour to report on this in the future.

Although the Energy segment has not commenced commercial production, it is worth noting that CBM is a primary clean energy source of natural gas. The development and utilisation of CBM is of great social and economic benefit. It is a clean-burning fuel for domestic and industrial uses. The Energy segment strives to work with government and public authorities at all levels to ensure that the best environmental practices are adopted and kept updated with the latest guidances published to date. In addition, The Energy segment records and monitors regularly, proper waste handling and hazard observations in its effort towards environmental preservation.

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 UNSDGs.

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.

SUSTAINABILITY **STATEMENT (CONT'D)**

Environmental Preservation (cont'd)

Environmental Compliance (cont'd)

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 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

Although the Energy segment has not commenced commercial production, the Energy segment works with the Indonesian 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 FY	Majority of the workforce comprise of locals. As at end of the current FY, 69% of our workforce comprised 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. As at end of the current FY, the Group recorded 5.02 hours of training per employee.
3.	To retain potential and performing employees	Maintain a low staff turnover rate (number of persons resigning over total employees) of below 0.3 for the FY. During the current FY, the Group recorded a staff turnover rate of 0.2.
4.	To appoint female director at the BOD level	At least 1 female at the BOD level. Ms Au Peck Wai has been appointed as an Independent Director on 30 May 2023. Nevertheless, the Board through the Nominating Committee will continue to evaluate and consider other female candidates that has the knowledge and experience that can be valuable to the Group to be appointed as director(s) of the Company in the future.
5.	To engage with local communities for charity programmes	At least 1 contribution for community welfare and development, where possible. During the current FY, the Group recorded 42 contributions for community welfare and developments.
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.

SUSTAINABILITY **STATEMENT (CONT'D)**

Social (cont'd)

Occupational Health and Safety (cont'd)

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 ("PMA") Division (within IMS Segment)
2. Quarterly Internal Safety Meeting for Medical Kit at the PMA 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
6. HIRARC training (Hazard Identification, Risk Assessment, and Risk Control) for safety committee team at the PMA Division (within IMS Segment)
7. Gemba Walk (an actual physical-on-floor experience and learning) for employees on the functionality of plant-wide heat detectors, Chemical Health Risk Assessment, Noise Assessment and Local Exhaust Ventilation inspection at the PMA Division (within IMS Segment)

IMS Segment

There was no major accident (fatal or non-fatal) case in FY2023. Every accident/incident, if any, 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.

Regular compliance inspections and internal audits, accompanied by enhancement of the safety and health management system were 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.

During the financial year, the Group recorded a total of 4,124 training hours (2022: 4,149 hours) (excluding on-the job training) with the average training hours per employee being 5.02 hours (2022: 5.34 hours). As part of our business Segment activities, we have provided employee welfare and training development to the employees as per the below table.

In FY2023, as a key part of PMA's recruitment approach, it has harnessed MYFutureJobs portal to elevate our workforce. MYFutureJobs portal is the Malaysian National Employment portal for all job seekers and employers. MYFutureJobs uses AI-technology and validated matching algorithm to provide the most accurate job match based on skills and competencies of jobseekers. To honour employee loyalty, PMA hosted a long service awards event, celebrating their commitment.

SUSTAINABILITY
STATEMENT (CONT'D)

Social (cont'd)

Employee Welfare and Training (cont'd)

Employee Welfare and Training

IMS Segments	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 • Training on Malaysian Sustainable Palm Oil certification procedures for Resources segment • 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

In the Group's ongoing operations, social obligations to local communities were not neglected. We have in the past contributed to various charitable activities, donations and educational assistance organised to support our staff children, the underprivileged and the local communities where we operate. During the financial year, the Group has made donations in cash and in kind to various non-profit organisations, schools and sports activities. In addition, the IMS segment, has on a yearly basis offered industrial training attachments to undergraduates from the local universities and technical colleges as part of ongoing commitment towards providing the necessary exposure and training to students of today.

The Energy segment is committed to minimising operational impact on local communities by its operations in the field. The Energy segment has also developed sustainability programmes with local partners and is committed to providing local community members with employment opportunities where possible. The Energy segment prior to the drilling of any CBM wells and related activities will ensure the community in the relevant areas are briefed and educated/socialised on the unconventional gas activity, its benefits, effects as well as the risks related thereto in order to provide an understanding and to avoid any untoward accidents to the community.

Jobs Creation

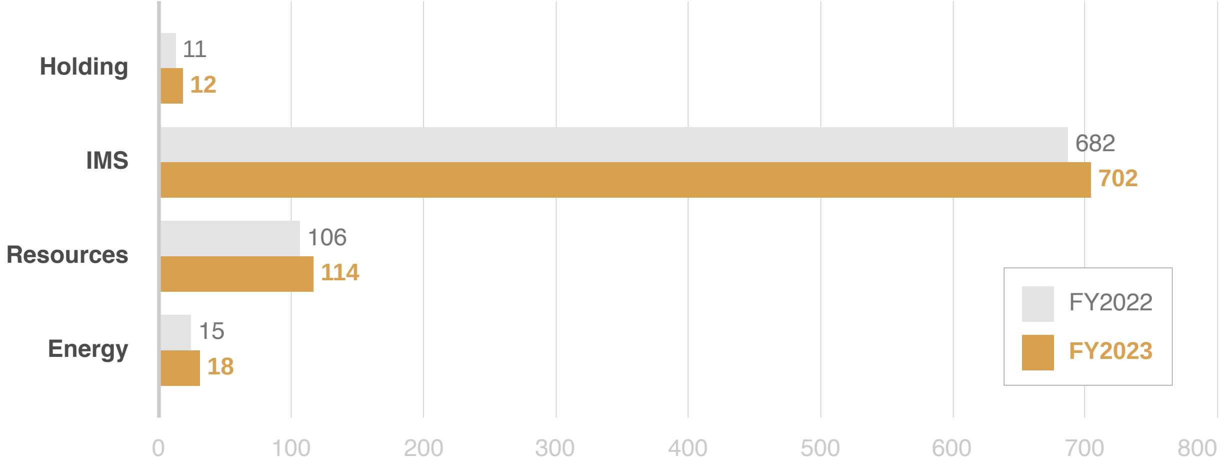
We aspire to contribute to the communities where we operate in Malaysia and Indonesia. We believe the local community has the skills and talents which suit our business operations and background. We are aware that our employees are our most valuable resource and that their dedication and exceptional 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 FY2023, our total number of employees is 846 (2022: 814) segregated into our respective business Segments is as below.

SUSTAINABILITY **STATEMENT (CONT'D)**

Social (cont'd)

Jobs Creation (cont'd)



Job creation at the respective business Segments

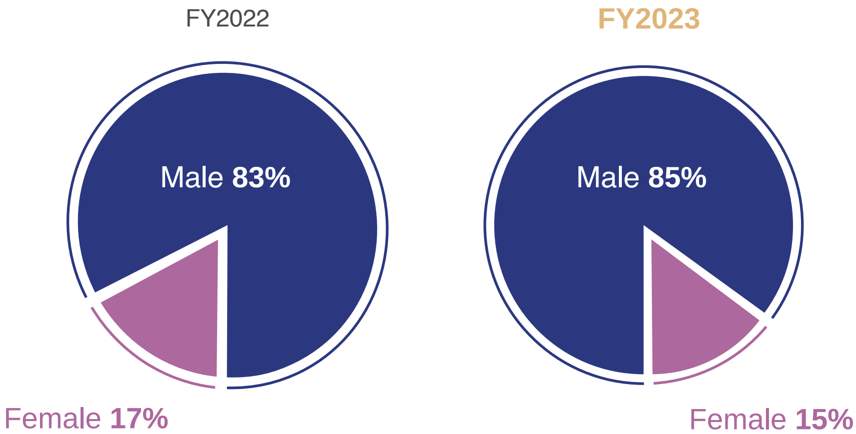
Diversity and Equal Opportunities

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.

Total Numbers of Employees

Distribution by Gender (%)

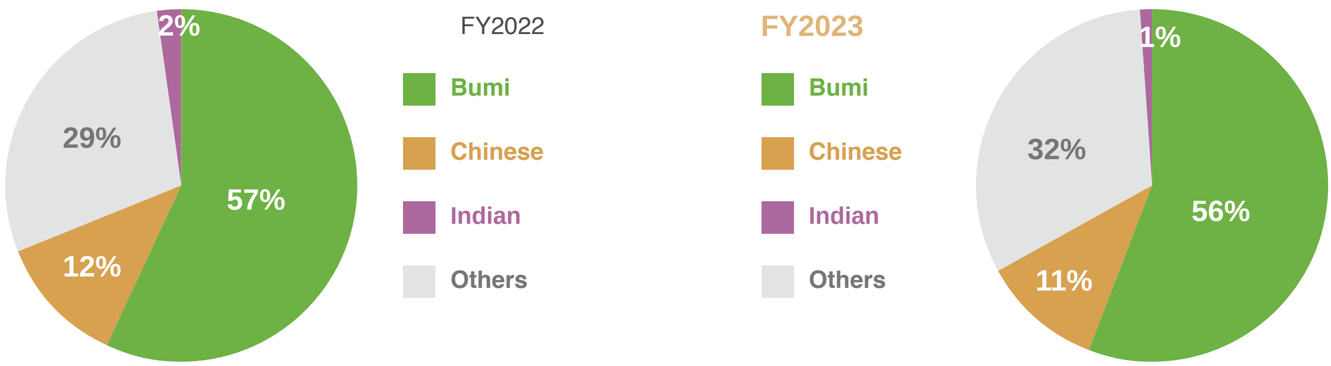


SUSTAINABILITY
STATEMENT (CONT'D)

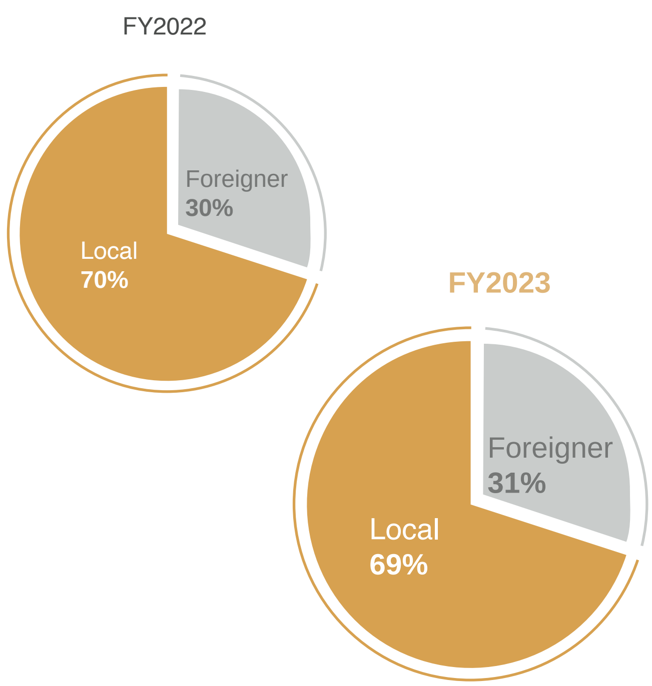
Social (cont'd)

Diversity and Equal Opportunities (cont'd)

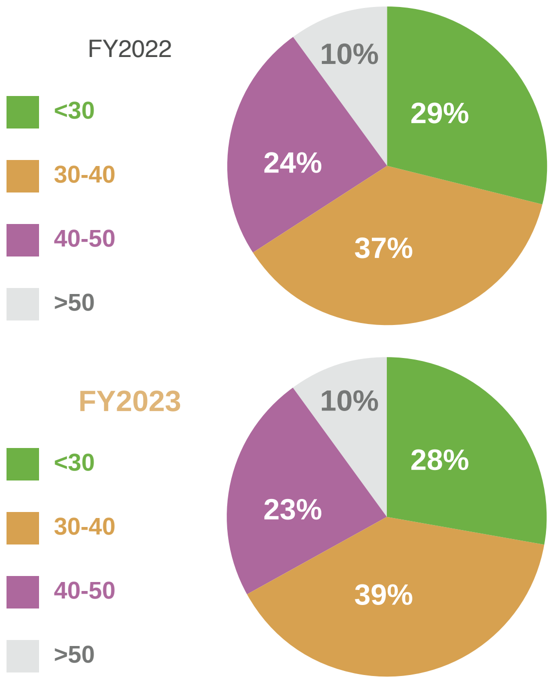
Distribution by Ethnicity (%)



Distribution by Local and Foreign (%)



Distribution by Age (%)



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.

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 six (6) 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")	6/6
Mr Kong Kok Keong	6/6
Mr Ooi Boon Pin	6/6
Mr Chen Heng Mun	6/6
Mr Wong Zee Shin	6/6
Datuk Dr Yong Teck Shing, JP	6/6
Dato' Lee Teck Hua *(appointed on 1 February 2023)*	2/2
Ms Au Peck Wai *(appointed on 30 May 2023)*	N/A
Mr Yong Nam Yun (alternate to Kong Kok Keong) *(resigned on 31 December 2022)*	3/3
Ash'ari bin Ayub *(resigned on 29 August 2022)*	0/1

The Board has delegated specific responsibilities to four (4) subcommittees, namely Audit Committee, Nominating Committee, Remuneration Committee and Sustainability Committee. All committees have written terms of reference and procedures, and the Board receives reports of their proceedings and deliberations. The terms of reference and other details of the Sustainability Committee is disclosed in the Sustainability Statement and the Sustainability Framework which can be found on the Company's website at www.globaltec.com.my. 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.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT (CONT'D)

SECTION 1: DIRECTORS (CONT'D)

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 24 August 2023.

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, four (4) Independent Non-Executive Directors. Together, the Directors bring a wide range of business and financial experience relevant to the Group. A brief description of the background of each Director is presented on pages 7 to 11.

Tan Sri Datuk Seri Panglima (Dr.) TC Goh is the Group Executive Chairman (who in the interim, is also the Acting CEO of the Resources Segment) 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, Kee Yong Wah, the Deputy Executive Chairman of the Energy Segment and Jason Chua Joo Huang, the Acting CEO of the Automotive Division. In addition, half of the Board members are independent directors and more than 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.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT (CONT'D)**

SECTION 1: DIRECTORS (CONT'D)

BOARD BALANCE AND RESPONSIBILITIES (CONT'D)

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, key performance indicators 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, environmental, social & governance ("ESG")/sustainability report 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. Wong Zee Shin, the Audit Committee Chairman, is the Senior Independent Non-Executive Director to whom concerns may be conveyed.

The Company considers that the complement of higher proportion 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, Ms Au Peck Wai has been appointed as an Independent Director on 30 May 2023. Nevertheless, the Board through the Nominating Committee will continue to evaluate and consider other female candidates that has the knowledge and experience that can be valuable to the Group to be appointed as director(s) of the Company in the future.

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 or the Board could also retain him as an Independent Director but must justify and seek shareholders' approval in annual general meeting.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT (CONT'D)

SECTION 1: DIRECTORS (CONT'D)

BOARD BALANCE AND RESPONSIBILITIES (CONT'D)

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 11 years and 7 months. At the 11th Annual General Meeting ("AGM") held on 30 November 2022, 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 and will be subject to annual approval by shareholders at the subsequent AGMs to continue in office as Independent Director, in accordance with Article 90(2) of the Company's Constitution, until his cumulative terms reaches twelve (12) years. Notwithstanding the 11-year tenure, the Board wishes to retain him as an Independent Director and is therefore seeking shareholders' approval at the forthcoming 12th AGM in November 2023 to retain him as an Independent Director until his maximum tenure as Independent Director of twelve (12) years as allowed under the Listing Requirements. Mr. Wong Zee Shin will serve a cumulative period of 12 years come 28 March 2024. 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 Accountant 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 (including conflict of interest situation, if any)
- 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.

AUDIT COMMITTEE

The Audit Committee report is presented on pages 51 to 54 of this annual report.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT (CONT'D)**

SECTION 1: DIRECTORS (CONT'D)

APPOINTMENTS TO THE BOARD

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

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

NOMINATING COMMITTEE

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

- Wong Zee Shin (Chairman)
- Datuk Dr Yong Teck Shing, JP
- Dato' Lee Teck Hua *(appointed on 1 February 2023)*
- Kong Kok Keong *(appointed on 30 August 2022, resigned on 1 February 2023)*
- 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
- Sustainability. Environment, Social and 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;
- Reviewed the profile and recommended to the Board on appointments of two (2) Independent Directors;
- In conjunction with a resignation of two (2) Directors, 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") • Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers
Kong Kok Keong	• Briefings on corporate governance updates and ESG
Ooi Boon Pin	• Materiality Assessment Workshop • Metal Supplier Summit • Penang Skills Development Centre Summit • Validation for Class 3 Medical device • Keysight Technology, Quality, Responsiveness, Delivery and Cost Meeting • Briefings on corporate governance updates and ESG
Chen Heng Mun	• Navigating through the evolution of Corporate Governance with the introduction of Tax Corporate Governance Framework • Supercharge ESG Ambitions with Technology • Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers • Understanding the requirements in Bursa Malaysia's enhanced sustainability reporting framework • 2022 MFRS Updates Seminar • KPMG – Tax & Business Summit 2022 • EU Carbon Border Adjustment Mechanism: What does it means for businesses in Asia Pacific and their decarbonisation journey • Rise of the Chatbots: Artificial Intelligence and the Future of Accounting • Can I e-sign board minutes or resolutions?

CORPORATE GOVERNANCE **OVERVIEW STATEMENT (CONT'D)**

SECTION 1: DIRECTORS (CONT'D)

DIRECTORS' TRAINING (CONT'D)

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

Director	Name of Conferences, Seminars and Training Programmes Attended
Wong Zee Shin	• Alliance Bank Invest Focus Market Outlook: What's Next in Volatile Times? • Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers • KPMG Board Leadership Center Exclusive – Human Rights Risk Management for Malaysian Companies • Latest tax developments • Highlights from Budget 2023 – in collaboration with PwC Malaysia • Closure of Companies: Winding-Up & Striking-Off – A step-by-step approach • Tax Reimagined: Designing and building a tax function fit for the future • The Overview and implications of game-changing ChatGPT is fast approaching • Briefings on corporate governance updates and ESG
Datuk Dr Yong Teck Shing, JP	• Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers • Bursa Malaysia Immersive Session: The Board "Agender" Gender Balanced Boardrooms Understanding our unconscious bias • Briefings on corporate governance updates and ESG
Dato' Lee Teck Hua *(appointed on 1 February 2023)*	• Mandatory Accreditation Programme • Suruhanjaya Syarikat Malaysia National Conference 2022 • Briefings on corporate governance updates and ESG • Malaysian Institute of Certified Public Accountants International Standards on Quality Management 1 Guide and Illustrative Manual • Malaysian Institute of Accountants Essentials of Corporate Taxation - A Legal and Practical Approach with Budget 2023 Updates • Financial Institutions Directors' Education programme Module A • Financial Institutions Directors' Education programme Module B • Chartered Tax Institute Of Malaysia Tax Agents Under Section 153(4) of the Income Tax Act 1967
Au Peck Wai *(appointed on 30 May 2023)*	• Mandatory Accreditation Programme Part 1 • 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.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT (CONT'D)

SECTION 1: DIRECTORS (CONT'D)

RE-ELECTION (CONT'D)

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

- Ooi Boon Pin (Article 90(1))
- Wong Zee Shin (Article 90(1))
- Dato' Lee Teck Hua (Article 83)
- Au Peck Wai (Article 83)

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 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 four (4) Directors are eligible to stand for re-election and had expressed their intention to seek for re-election. At the Board meeting held on 18 October 2023, the Board approved the recommendation of the Nominating Committee on the re-election of the abovesaid four (4) Directors.

SECTION 2: DIRECTORS' REMUNERATION

REMUNERATION COMMITTEE

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

- Wong Zee Shin (Chairman)
- Datuk Dr Yong Teck Shing, JP
- Dato' Lee Teck Hua *(appointed on 1 February 2023)*
- Kong Kok Keong *(appointed on 30 August 2022, resigned on 1 February)*
- 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 AND SENIOR MANAGEMENT REMUNERATION

The details of the Directors' remuneration (including the remuneration for services rendered) and fees for the financial year ended 30 June 2023 can be found in the Corporate Governance Report.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT (CONT'D)**

SECTION 2: DIRECTORS' REMUNERATION (CONT'D)

DIRECTORS AND SENIOR MANAGEMENT REMUNERATION (CONT'D)

The Board recognises the importance of compensating the Senior Management with a competitive and attractive remuneration package based on their responsibilities and performance carried throughout each financial year. The Board ensures that the proposed remuneration is in the best interests of the Company/Group and its shareholders from size and growth perspective. The Board is of the opinion that disclosure on named basis of the top five Senior Management personnel in bands of RM50,000 would be a sensitive information due to diverse businesses of the Group. Moreover, it would be disadvantageous to the Group's business interests, given the highly competitive industry where poaching of talented executives is not uncommon.

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 presented on pages 25 to 39.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT (CONT'D)

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

SECTION 6: ACCOUNTABILITY AND AUDIT (CONT'D)

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 55 to 57 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 51 to 54.

The above statement and the Corporate Governance Report are made in accordance with the resolution of the Board dated 18 October 2023.

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 Dr Yong Teck Shing, JP	Independent Non-Executive Director
Dato' Lee Teck Hua	Independent Non-Executive Director *(appointed on 1 February 2023)*
Kong Kok Keong	Non-Independent Non-Executive Director *(appointed on 30 August 2022, resigned on 1 February 2023)*
Ash'ari bin Ayub	Independent Non-Executive Director *(resigned on 29 August 2022)*

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 2023 are as follows:

Date of Meeting	Total Committee Members	Attendance by Committee Members (Percentage of Attendance)
1. 25 August 2022	3	2 (66%)
2. 19 October 2022	3	3 (100%)
3. 30 November 2022	3	3 (100%)
4. 22 February 2023	3	3 (100%)
5. 25 May 2023	3	3 (100%)

The details of attendance by individual Committee Member for the financial year ended 30 June 2023 are as below:

Name of Member	Attended	Attendance
1. Wong Zee Shin	5/5	100%
2. Datuk Dr Yong Teck Shing, JP	5/5	100%
3. Dato' Lee Teck Hua	2/2	100%
4. Kong Kok Keong	2/2	100%
5. Ash'ari bin Ayub	0/1	Nil

AUDIT COMMITTEE
REPORT (CONT'D)

2. INTERNAL AUDIT FUNCTION

The Committee assists the Board in maintaining a sound system of internal controls 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. 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 RM95,000.

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.

AUDIT COMMITTEE **REPORT (CONT'D)**

3. EXTERNAL AUDITORS (CONT'D)

The Committee conducts annual review and assessment on the appointment or re-appointment of external auditors for statutory audit, recurring audit related and non-audit related services (if any). The objective of the review is to ensure that the independence and objectivity of the external auditors as statutory auditors are not compromised. This annual review and assessment is carried out in accordance with the assessment criteria covering regulatory requirements, 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 18 October 2023, 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. In addition, the Audit Committee has subsequent to the financial year end, adopted a Non-Assurance Services Policy which sets forth procedures and conditions for non-assurance services provided by the independent auditor of the Company and its affiliates. This is to enable the Audit Committee to have oversight on the independence of the auditor.

Audit fees paid/payable to the external auditors of the Company, by the Group and by the Company for the financial year amounted to RM988,000 (out of which RM593,000 is payable to overseas affiliates of the Company's external auditors) and RM132,000 respectively whereas non-audit fees paid/payable to the Company's external auditors (and its affiliates) by the Group and by the Company for the financial year amounted to RM49,000 and RM28,000 respectively.

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 24 August 2023. As at to-date, the audit firm has been engaged as the external auditors of the Company for 12 years whereas the audit engagement partner was rotated in financial year 2022 and the current audit engagement partner has been assigned to the Company for 2 years.

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

- Held private meetings with the internal auditors and with the external auditors on 25 August 2022 and 25 May 2023, 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.

AUDIT COMMITTEE
REPORT (CONT'D)

4. ACTIVITIES (CONT'D)

- 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, corruption 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 31 to the financial statements on pages 133 to 149.

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

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Risk Management (cont'd)

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.

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 page 52 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;
- Establishment of ABAC policy; and
- Code of ethics and conduct provided to all employees of the Group.

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

REVIEW BY BOARD

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

The Board has also obtained assurance from the Group Executive Chairman and Group Finance Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, for the financial year ended 30 June 2023 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 18 October 2023.

Financial Statements

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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 2023.

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	10,166	3,743
Non-controlling interests	(768)	-
	9,398	3,743

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 RM0.018 per ordinary share totalling RM4,844,000 in respect of the financial year ended 30 June 2022 was paid on 21 November 2022.

On 24 August 2023, the Directors have approved and declared a single tier dividend of RM0.011 per ordinary share totalling RM2,960,000 in respect of the financial year ended 30 June 2023. The dividend will be recognised in the financial year ending 30 June 2024 and will be paid on 20 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 Dr Yong Teck Shing, JP
Dato' Lee Teck Hua (appointed on 1 February 2023)
Au Peck Wai (appointed on 30 May 2023)
Ash'ari bin Ayub (resigned on 29 August 2022)
Yong Nam Yun (alternate director to Kong Kok Keong) (resigned on 31 December 2022)

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2023

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
Indra Surya Susanto
Jason Chua Joo Huang
Kee Yong Wah
Lim Beng Hong
Mohanthas a/l Sugunathas
Woon Wai Thong
Lee Byung Hwan
Kim Eun Sung

Directors' interests in shares

The interests and deemed interests in the ordinary shares 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 1.7.2022	**Bought**	**Sold**	**At 30.6.2023**
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

	Number of shares			
	At 1.7.2022	**Bought**	**Sold**	**At 30.6.2023**
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

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.

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2023

Directors' interests in shares (cont'd)

None of the other Directors holding office at 30 June 2023 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 2023 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 2023 are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	154	4
Remuneration	1,391	3,442
Estimated money value of any other benefits	-	11
	1,545	3,457

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.

Issue of shares and debentures

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.

Indemnity and insurance costs

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

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2023

Other statutory information

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

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

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

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

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

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

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and the Company for the financial year ended 30 June 2023 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.

Significant event

The significant event during the financial year is disclosed in Note 35 to the financial statements.

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2023

Auditors

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

The auditors' remuneration of the Group and of the Company during the year are RM1,075,000 and RM132,000 respectively.

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: 18 October 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Assets					
Property, plant and equipment	3	64,366	61,322	56	106
Right-of-use assets	4	34,271	31,342	818	375
Exploration and evaluation assets	6	125,721	114,553	-	-
Investment property	7	13,605	13,605	-	-
Intangible assets	8	26,239	26,588	-	-
Investments in subsidiaries	9	-	-	259,156	259,556
Investment in associate	10	20,081	-	20,000	-
Other financial assets	11	1,939	2,215	-	-
Other investments	12	53	53	-	-
Total non-current assets		286,275	249,678	280,030	260,037
Biological assets	5	282	1,398	-	-
Inventories	14	38,935	34,784	-	-
Contract assets	15	4,966	6,939	-	-
Trade and other receivables	16	31,653	27,998	7,933	7,753
Current tax assets		2,108	791	-	-
Other investments	12	2,493	2,915	-	-
Cash and cash equivalents	17	57,355	81,742	1,924	6,480
Total current assets		137,792	156,567	9,857	14,233
Total assets		424,067	406,245	289,887	274,270
Equity					
Share capital	18.1	643,671	643,671	643,671	643,671
Reserves		(362,423)	(374,503)	(375,757)	(374,656)
Equity attributable to owners of the Company		281,248	269,168	267,914	269,015
Non-controlling interests		45,912	45,731	-	-
Total equity		327,160	314,899	267,914	269,015
Liabilities					
Loans and borrowings	19	572	1,550	-	-
Lease liabilities		3,017	717	481	255
Deferred income	20	2,713	1,602	-	-
Deferred tax liabilities	13	10,881	10,111	-	-
Total non-current liabilities		17,183	13,980	481	255
Loans and borrowings	19	4,504	7,102	-	-
Lease liabilities		2,268	1,106	329	241
Deferred income	20	431	271	-	-
Provisions	21	28,718	27,199	-	-
Trade and other payables	22	43,572	39,847	21,086	4,759
Current tax liabilities		231	1,841	77	-
Total current liabilities		79,724	77,366	21,492	5,000
Total liabilities		96,907	91,346	21,973	5,255
Total equity and liabilities		424,067	406,245	289,887	274,270

The notes on pages 70 to 152 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

		Group		Company	
	Note	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Revenue	23	211,040	184,275	9,396	8,540
Cost of sales		(163,555)	(133,205)	-	-
Gross profit		47,485	51,070	9,396	8,540
Other income		2,635	3,402	-	-
Administrative expenses		(32,462)	(28,218)	(4,644)	(3,265)
Distribution expenses		(607)	(602)	-	-
Other expenses		(3,805)	(3,149)	(843)	-
Results from operating activities		13,246	22,503	3,909	5,275
Finance income	24	871	725	65	93
Finance costs	25	(770)	(776)	(72)	(30)
Net finance income/(costs)		101	(51)	(7)	63
Share of profit of equity accounted associate, net of tax		81	-	-	-
Profit before tax	26	13,428	22,452	3,902	5,338
Tax expense	27	(4,030)	(6,583)	(159)	-
Profit for the year		9,398	15,869	3,743	5,338
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		8,157	6,464	-	-
Other comprehensive income for the year, net of tax		8,157	6,464	-	-
Total comprehensive income for the year		17,555	22,333	3,743	5,338
Profit/(Loss) attributable to:					
Owners of the Company		10,166	16,570	3,743	5,338
Non-controlling interests		(768)	(701)	-	-
Profit for the year		9,398	15,869	3,743	5,338
Total comprehensive income attributable to:					
Owners of the Company		16,924	21,442	3,743	5,338
Non-controlling interests		631	891	-	-
Total comprehensive income for the year		17,555	22,333	3,743	5,338
Basic/Diluted earnings per ordinary share (sen):	28	3.78	6.16		

The notes on pages 70 to 152 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

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 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 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	29	-	-	(8,073)	(8,073)	-	(8,073)
At 30 June 2022/1 July 2022		643,671	(197,515)	(176,988)	269,168	45,731	314,899
Foreign currency translation differences for foreign operations		-	6,758	-	6,758	1,399	8,157
Profit/(Loss) for the year		-	-	10,166	10,166	(768)	9,398
Total comprehensive income for the year		-	6,758	10,166	16,924	631	17,555
Dividend paid to owners of the Company	29	-	-	(4,844)	(4,844)	-	(4,844)
Dividend paid to non-controlling interest in subsidiary		-	-	-	-	(450)	(450)
At 30 June 2023		643,671	(190,757)	(171,666)	281,248	45,912	327,160
		Note 18.1	Note 18.2				

Company	Note	Share capital RM'000	Fair value adjustment reserves RM'000	Accumulated losses RM'000	Total equity RM'000
		/-----Attributable to owners of the Company-----/			
		/------------Non-distributable-----------/			
At 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	29	-	-	(8,073)	(8,073)
At 30 June 2022/1 July 2022		643,671	(83,429)	(291,227)	269,015
Profit and total comprehensive income for the year		-	-	3,743	3,743
Dividend paid to owners of the Company	29	-	-	(4,844)	(4,844)
At 30 June 2023		643,671	(83,429)	(292,328)	267,914
		Note 18.1	Note 18.2		

The notes on pages 70 to 152 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

		Group		Company	
	Note	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Cash flows from operating activities					
Profit before tax		13,428	22,452	3,902	5,338
Adjustments for:					
Amortisation of customer relationships		395	395	-	-
Amortisation of development costs		34	33	-	-
Amortisation of government grant		(325)	(271)	-	-
Bearer plants written off		664	-	-	-
Depreciation of property, plant and equipment		7,085	7,703	62	66
Depreciation of right-of-use assets		2,815	2,542	264	193
Dividend income		-	-	(7,400)	(6,800)
Fair value changes on biological assets		1,116	(907)	-	-
Fair value changes on financial assets at fair value through profit or loss		453	2,420	-	-
Finance costs		770	776	72	30
Finance income		(871)	(725)	(65)	(93)
Gain on disposal of property, plant and equipment		(301)	(39)	-	-
Inventories written off		321	266	-	-
Inventories written down to net realisable value		-	43	-	-
Property, plant and equipment written off		11	-	-	-
Provision for warranties (net)		39	80	-	-
Share of profit of equity-accounted associates, net of tax		(81)	-	-	-
Reversal of inventories written down		(251)	(40)	-	-
Unrealised foreign exchange (gain)/loss (net)		(1,003)	(1,736)	843	-
Operating profit/(loss) before changes in working capital		24,299	32,992	(2,322)	(1,266)
Change in inventories		(3,551)	(3,664)	-	-
Change in contract assets		1,973	(2,435)	-	-
Change in trade and other receivables		(1,477)	(3,111)	7,620	1,051
Change in trade and other payables		714	896	15,484	(109)
Cash generated from/(used in) operations		21,958	24,678	20,782	(324)
Employee benefit paid		(126)	(71)	-	-
Tax paid		(6,224)	(4,188)	(82)	-
Warranties paid		(105)	(80)	-	-
Net cash from/(used in) operating activities		15,503	20,339	20,700	(324)
Cash flows from investing activities					
Development cost incurred		(80)	-	-	-
Dividend received		-	-	-	6,800
Exploration and evaluation expenditure incurred		(4,125)	(3,674)	-	-
Interest received		871	725	65	93
Acquisition of an associate		(20,000)	-	(20,000)	-
Proceeds from disposal of other investment		-	9,931	-	-
Proceeds from disposal of property, plant and equipment		301	56	-	-
Purchase of property, plant and equipment		(10,424)	(5,890)	(12)	(18)
Purchase of right-of-use assets		(325)	(59)	(66)	-
Net cash (used in)/from investing activities		(33,782)	1,089	(20,013)	6,875

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Cash flows from financing activities					
Dividends paid to shareholders		(4,844)	(8,073)	(4,844)	(8,073)
Dividends paid to non-controlling interests in subsidiaries		(450)	-	-	-
Conversion of warrants		-	24	-	24
Net repayment of borrowings		(3,576)	(4,952)	-	-
Receipt of government grant		1,596	-	-	-
Repayment of lease liabilities		(1,787)	(1,684)	(327)	(261)
Interest paid		(770)	(776)	(72)	(30)
Net cash used in financing activities		(9,831)	(15,461)	(5,243)	(8,340)
Net (decrease)/increase in cash and cash equivalents		(28,110)	5,967	(4,556)	(1,789)
Effect of exchange rate fluctuations on cash and cash equivalents		3,723	2,802	-	-
Cash and cash equivalents at beginning of the year		81,742	72,973	6,480	8,269
Cash and cash equivalents at end of the year	17	57,355	81,742	1,924	6,480

Purchase of right-of-use assets

During the financial year, the Group purchased right-of-use assets with an aggregate cost of RM5,574,000 (2022: RM1,595,000), of which RM5,249,000 (2022: RM1,536,000) was acquired through entering into lease contracts.

During the financial year, the Company purchased right-of-use assets with an aggregate cost of RM707,000 (2022: RM Nil), of which RM641,000 (2022: RM Nil) was acquired through entering into lease contracts.

Cash outflows for leases as a lessee

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases	26	169	229	6	6
Payment relating to leases of low-value assets	26	10	13	5	5
Included in net cash from financing activities:					
Interest paid in relation to lease liabilities	25	163	90	30	30
Payment of lease liabilities		1,787	1,684	327	261
Total cash outflows for leases		2,129	2,016	368	302

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2023

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

	At 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/ 1.7.2022 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	At 30.6.2023 RM'000
Group								
Term loans	3,708	(1,080)	-	-	2,628	(1,069)	-	1,559
Trade financing	9,896	(3,872)	-	-	6,024	(2,507)	-	3,517
Lease liabilities	1,969	(1,684)	1,536	2	1,823	(1,787)	5,249	5,285
Total liabilities from financing activities	15,573	(6,636)	1,536	2	10,475	(5,363)	5,249	10,361
Company								
Lease liabilities	757	(261)	-	-	496	(327)	641	810

The notes on pages 70 to 152 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 2023 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 2023 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 18 October 2023.

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 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 –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 and International Tax Reform – Pillar Two Model Rules*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024
- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendment to MFRS 107, *Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025
- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

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*

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

The Group and of the Company plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- 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.
- from the annual period beginning on 1 July 2024 for those amendments that are effective for annual periods beginning on or after 1 January 2024.
- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

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 13 - deferred tax assets and liabilities
- Note 14 - valuation of inventories
- Note 21 - provisions

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Significant accounting policies (cont'd)

(a) Basis of consolidation

(i) Subsidiaries

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

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

(ii) Business combinations

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

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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) Associates

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

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

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

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

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

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(vii) 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.

(viii) 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.

(ix) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Significant accounting policies (cont'd)

(b) Foreign currency (cont'd)

(i) Foreign currency transactions (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

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

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(m)(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(m)(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 income" and "other 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.

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Significant accounting policies (cont'd)

(e) Leases (cont'd)

(iii) Subsequent measurement (cont'd)

(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".

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Significant accounting policies (cont'd)

(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.

(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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Significant accounting policies (cont'd)

(h) Intangible assets (cont'd)

(v) Amortisation (cont'd)

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.

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) 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(m)(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.

(l) 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)

(m) 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)

(m) 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.

(n) 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.

(o) 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)

(o) 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.

(p) 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)

(p) 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.

(q) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Significant accounting policies (cont'd)

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

(i) Revenue from contracts with customers (cont'd)

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.

(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.

(r) Borrowing costs

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

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

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

(s) Income tax

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Significant accounting policies (cont'd)

(s) Income tax (cont'd)

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.

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.

(t) 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.

(u) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Significant accounting policies (cont'd)

(v) 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.

(w) Fair value measurements

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. Property, plant and equipment

Group	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 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 2022/1 July 2022	22,702	53,747	7,583	5,579	2,193	36,931	531	129,266
Additions	-	7,139	99	1,199	82	100	1,805	10,424
Disposals	-	(338)	-	-	(492)	-	-	(830)
Written off	-	-	-	(14)	-	(1,060)	-	(1,074)
Reclassification	-	504	-	-	-	-	(504)	-
Effect of movements in exchange rates	449	1,926	3	66	34	-	65	2,543
At 30 June 2023	23,151	62,978	7,685	6,830	1,817	35,971	1,897	140,329

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Group	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 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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Group	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 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
Depreciation for the year	696	3,760	35	751	165	1,678	-	7,085
Disposals	-	(338)	-	-	(492)	-	-	(830)
Written off	-	-	-	(3)	-	(396)	-	(399)
Transfer from right-of-use assets	-	-	-	-	-	-	-	-
Effect of movements in exchange rates	283	1,785	2	61	32	-	-	2,163
At 30 June 2023								
Accumulated depreciation	6,221	44,325	1,826	3,357	1,171	16,755	-	73,655
Accumulated impairment losses	-	636	1,417	255	-	-	-	2,308
	6,221	44,961	3,243	3,612	1,171	16,755	-	75,963
Carrying amounts								
At 1 July 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
At 30 June 2023	16,930	18,017	4,442	3,218	646	19,216	1,897	64,366

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 2021	229	104	333
Additions	18	-	18
At 30 June 2022/1 July 2022	247	104	351
Additions	12	-	12
At 30 June 2023	259	104	363
Accumulated depreciation			
At 1 July 2021	135	44	179
Depreciation for the year	45	21	66
At 30 June 2022/1 July 2022	180	65	245
Depreciation for the year	42	20	62
At 30 June 2023	222	85	307
Carrying amounts			
At 1 July 2021	94	60	154
At 30 June 2022	67	39	106
At 30 June 2023	37	19	56

3.1 Security

At 30 June 2023, 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 19:

	Group	
	2023 RM'000	2022 RM'000
Carrying amounts		
Buildings	3,662	3,795
Bearer plants	19,216	21,458
	22,878	25,253

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.2 Building subject to operating lease

The Group leases one of its buildings with a carrying amount of RM1,745,000 (2022: RM1,799,000) to a third party. The lease contains an initial non-cancellable period of 3 years. Subsequent renewal is negotiated with the lessee.

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	
	2023 RM'000	2022 RM'000
Lease income	493	394

The operating lease payments to be received are as follows:

	Group	
	2023 RM'000	2022 RM'000
Less than one year	619	198
One to two years	645	-
Two to three years	323	-
Total undiscounted lease payments	1,587	198

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 2021	30,951	924	47	316	32,238
Additions	-	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 2022/1 July 2022	30,067	422	-	853	31,342
Additions	-	4,358	-	1,216	5,574
Depreciation	(1,019)	(1,457)	-	(339)	(2,815)
Effect of movements in exchange rates	164	-	-	6	170
At 30 June 2023	29,212	3,323	-	1,736	34,271

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Company	**Building RM'000**	**Motor vehicles RM'000**	**Total RM'000**
At 1 July 2021	358	210	568
Depreciation	(127)	(66)	(193)
At 30 June 2022/1 July 2022	231	144	375
Addition	-	707	707
Depreciation	(127)	(137)	(264)
At 30 June 2023	104	714	818

The Group leases a number of properties for office, factory and warehouse usage that run between 10 months and 60 months and in some cases, with an option to renew the lease after that date. The Group also leases computer and motor vehicles.

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 2023, 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 2023, the land of the Group with a carrying amount of RM20,082,000 (2022: RM20,986,000) is charged to financial institutions as security for borrowings of the Group as disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. Biological assets

	Group	
	2023 RM'000	2022 RM'000
At fair value	282	1,398

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

Analysis of the biological assets

	Group	
	2023	2022
Planted area (in hectares)		
Mature	823	821
Immature	-	2
	823	823
Output harvested		
Oil palm fresh fruit bunches (in metric ton)	11,986	11,676
Fair value less costs to sell (in RM'000)	8,675	12,537

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	
	2023 RM'000	2022 RM'000
At beginning of the year	1,398	491
Net change in fair value	(1,116)	907
At end of the year	282	1,398

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. Biological assets (cont'd)

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

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

Analysis of measurement

The oil palms were mainly planted between 1996 and 2017, and are currently aged between 6 to 27 years old.

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

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

(b) FFB unit price in Malaysia were based on the actual contracted FFB unit price in July and August 2023; and

(c) Cost of production were based on the pro-rated actual costs incurred in July and August 2023.

Valuation processes applied by the Group for Level 3 fair value

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

Financial risk management strategies

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. Exploration and evaluation assets

Group	Exploration expenditure RM'000
At 1 July 2021	103,479
Effect of movements in exchange rates	7,400
Additions	3,674
At 30 June 2022/1 July 2022	114,553
Effect of movements in exchange rates	7,043
Additions	4,125
At 30 June 2023	125,721

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:

	2023 RM'000	2022 RM'000
Tanjung Enim PSC	41,064	36,140
Muara Enim PSC	70,442	66,378
Muralim PSC	14,215	12,035
	125,721	114,553

The exploration and evaluation assets are not amortised as the PSCs 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 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. 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.

NuEnergy has on 10 February 2023 signed a Heads of Agreement with PT. Laras Ngarso Gede ("Laras Energy") and was later extended with an Extended Heads of Agreement on 10 August 2023, on similar terms and conditions, for the supply and sale commitment by NuEnergy and the purchase commitment by Laras Energy, of CBM produced from Tanjung Enim's POD 1. Subsequently, NuEnergy submitted the letter of request for gas allocation and price, to SKK Migas in February 2023 and is now pending the approval of MEMR. Concurrently NuEnergy is working on the draft Gas Sales Agreement ("GSA") with Laras Energy. NuEnergy is expected to commence with an initial phase of gas sale estimated at 1 million standard cubic feet per day ("mmscfd") of CBM to Laras Energy, which represents the gradual progress in achieving the 25 mmscfd of gas production as approved under the Tanjung Enim POD 1. The initial gas sales is expected by middle of next year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. Exploration and evaluation assets (cont'd)

Tanjung Enim PSC (cont'd)

In addition, NuEnergy has in September 2023, obtained the environmental permit for Tanjung Enim POD 1 from the Ministry of Environment and Forestry of Indonesia. NuEnergy has also finalised the location of all the proposed well sites and is in the final stage of land acquisition. NuEnergy and SKK Migas representatives have already conducted a site visit and joined in the socialisation process with the local community in June 2023. NuEnergy has initiated the procurement process of long lead time items and also appointed some of the service companies necessary for the early gas sales program. NuEnergy has received the 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 2024.

Muara Enim PSC

NuEnergy has received an acknowledgement letter from SKK Migas on 18 January 2021 that:

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.

As the Indonesian government has indicated a proposal to increase the contractor's share of the revenue under a gross split scheme, as announced jointly by SKK Migas and MEMR in May 2023 and value-added-taxes exemption accorded to contractors under gross split schemes, NuEnergy had applied for conversion of its PSC from a cost-recovery scheme PSC to a gross split based PSC on 3 August 2023. This conversion will not only bring additional financial benefits but also allow greater flexibility in carrying out NuEnergy's development activities. Concurrently NuEnergy has applied for an extension of time to submit the plan of development while waiting for MEMR to process and approve the gross split conversion.

Muralim PSC

On 1 August 2022, MEMR via SKK Migas has approved an additional exploration period until 18 July 2023. NuEnergy had in 2021, 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. NuEnergy now needs to continue the dewatering process to determine the gas productivity for future development. Nevertheless, the production testing and dewatering process and the completion of the said process, was impacted and delayed by multiple factors as below:

i) changes in environmental regulations in September 2021, resulted in NuEnergy only being issued the environmental permit by the Ministry of Environment of Indonesia in January 2022. Prior to obtaining the permit, the production testing and dewatering activities had to be suspended;
ii) COVID-19 lockdowns imposed in the supplier's country, the delivery of the necessary equipment to conduct the dewatering process was delayed; and
iii) water production from the MU-005TW well, is higher than earlier expected and this has slowed the progress to complete the dewatering process.

Due to the high-water production causing a delay in the completion of the dewatering process, NuEnergy had discussed with SKK Migas to extend the exploration period beyond the deadline of 18 July 2023. MEMR through SKK Migas has agreed and granted an extension of the exploration period to 29 March 2025. NuEnergy is currently also preparing to activate an existing well MU-006, which is adjacent to MU-005TW, to accelerate the dewatering process and expedite gas flows. To date, there are a total of six wells that have been previously drilled in the Muralim PSC.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. Exploration and evaluation assets (cont'd)

Impairment assessment

Tanjung Enim PSC

NuEnergy obtained the approval for its plan of development for its Tanjung Enim PSC POD 1 on 17 June 2021. In 2020, NuEnergy engaged an independent professional valuer to determine the recoverable amounts of its PSCs. During the current year, NuEnergy performed an update of the valuation and which was carried out by an independent professional valuer. In accordance with 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 and only CBM POD 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.

As at 30 June 2023, the recoverable amount of the Tanjung Enim PSC was higher than its carrying amount and hence, no impairment loss was recognised. The key assumptions used in the above updated valuation report in arriving at the recoverable amount are as follows:

- Gas sales price of US$7/MMBTU over the life of the model can be referenced to the gas sales price of US$7/MMBTU in the signed Heads of Agreement for Gas Purchase dated 10 February 2023 (extended on 10 August 2023), between NuEnergy and Laras Energy and after discussion with the authorities. The final gas price will be dependent on the prevailing market condition at the time when detailed gas sale agreements are concluded;

- Amount of recoverable reserves/resources and forecasted production quantities over identified time periods totalling 130.9 bcf and 115.21 bcf respectively, 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 latest quotations from vendors and comparisons made with existing third party PSCs and based on latest cost expectations;

- The project life/forecast period of financial year 2023 to financial year 2039 refers to the remaining contract period together with the recoverable reserves/resources and production rates; and

- After-tax discount rate of 13% 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 2023 assessed using a market based and cost valuation approach. The valuation reports support the carrying value of these PSCs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. Investment property

Group	**RM'000**
At 1 July 2021/30 June 2022/1 July 2022/30 June 2023	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 (2023: RM1,679–RM2,483; 2022: 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 2021/30 June 2022/1 July 2022	95,141	31,499	2,776	129,416
Additions	-	-	80	80
At 30 June 2023	95,141	31,499	2,856	129,496

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 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 2022/1 July 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
Amortisation for the year	-	395	34	429
At 30 June 2023				
Accumulated amortisation	-	6,476	2,743	9,219
Accumulated impairment loss	72,959	21,079	-	94,038
	72,959	27,555	2,743	103,257
Carrying amounts				
At 1 July 2021	22,182	4,734	100	27,016
At 30 June 2022/1 July 2022	22,182	4,339	67	26,588
At 30 June 2023	22,182	3,944	113	26,239

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 (2022: RM22,182,000) and customer relationships of RM3,944,000 (2022: RM4,339,000) 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.

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)

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 2023 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 12% for the years from 2024 to 2028 (2022: 4% for the year 2023 and 5% for the years from 2024 to 2027). The projected sales by management is conservative and is lower than the historical sales growth.
- Cash flows for more than 5 years were extrapolated using a constant terminal growth rate of 4% (2022: 4%) for the cash flows generated by CGUs in Indonesia.
- Projected gross profit margin which reflects the average historical gross margin, adjusted for projected market and economic conditions and internal resources efficiency.
- Pre-tax discount rate of 15% (2022: 13%) 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 (RM9,186,000)/RM11,493,000.

(b) an increase/(decrease) of a one percentage point in terminal growth rate used would have increased/(decreased) the recoverable amount by approximately RM8,282,000/(RM6,626,000).

9. Investments in subsidiaries

	Company	
	2023	**2022**
	RM'000	**RM'000**
Cost of investment	474,585	474,585
Less: Impairment loss	(259,765)	(259,765)
	214,820	214,820
Advances to subsidiaries *	65,278	65,678
Less: Impairment loss	(20,942)	(20,942)
	44,336	44,736
	259,156	259,556

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. Investments in subsidiaries (cont'd)

* 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.

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 2023 and the 5-year business plan approved by the Board of Directors.
- The anticipated annual revenue growth included in the cash flows projections was 1% and 12% for the years from 2024 to 2028 (2022: 5% and 26% for the years from 2023 to 2027) 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% (2022: 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.
- Pre-tax discount rate of 11% to 15% (2022: 7% to 13%) 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 (RM21,132,000)/RM28,231,000.

(b) an increase/(decrease) of a one percentage point in terminal growth rate used would have increased/(decreased) the recoverable amount by approximately RM21,685,000/(RM16,199,000).

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	
			2023 %	2022 %
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

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	
			2023 %	2022 %
New Century Energy Services Sdn Bhd [2]	Malaysia	Dormant	100	100
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] [5]	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 [1] [2]	Singapore	Coal bed methane exploration	52	52
Sheraton Pines Pty Ltd [3]	Australia	Dormant	52	52
Dart Energy (Indonesia) Holdings Pte Ltd ("DEIH") [1] [5]	Singapore	Investment holding	52	52
Subsidiaries of DEIH				
Dart Energy (Tanjung Enim) Pte Ltd [1] [5]	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 [1] [5]	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 [1] [5]	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	
			2023 %	2022 %
Subsidiaries of Jotech				
Cergas Fortune Sdn Bhd	Malaysia	Cultivation and sales of oil palm fruit bunches	100	100
Malgreen Progress Sdn Bhd	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 (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)

The details of the subsidiaries are as follows (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) *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:

2023	**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	41,434	4,478	45,912
(Loss)/Profit allocated to NCI	(1,511)	743	(768)

Summarised financial information before intra-group elimination

	NuEnergy Group* RM'000
As at 30 June	
Non-current assets	127,661
Current assets	6,660
Current liabilities	(49,855)
Non-controlling interests	(1,295)
Net assets attributable to owners of the Company	83,171
Year ended 30 June	
Revenue	-
Loss for the year	(3,131)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. Investments in subsidiaries (cont'd)

Non-controlling interests in subsidiaries (cont'd)

Summarised financial information before intra-group elimination (cont'd)

	NuEnergy Group* RM'000
Cash flows used in operating activities	(2,116)
Cash flows used in investing activities	(4,125)
Cash flows from financing activities	-
Effect of exchange rate fluctuations	14
Net decrease in cash and cash equivalents	(6,227)

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)	1,196	(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

Note:

** NuEnergy Group denotes NuEnergy and its subsidiaries*

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. Investment in associates

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Investment in unquoted shares in Malaysia				
Cost of investment	20,000	-	20,000	-
Share of post-acquisition reserves	81	-	-	-
	20,081	-	20,000	-

On 19 September 2022, the Company completed its subscription for a 45% equity interest of the enlarged share capital of Metta Food & Lifestyle Sdn Bhd and its subsidiaries ("Metta Group") for a cash consideration of RM20 million. Metta Group is principally involved in the food and beverage ("F&B") retail industry, operating banquet-themed restaurants and cafes with the branding of De.Wan 1958 by Chef Wan ("De.Wan 1958") and Cafe Chef Wan.

Details of the associates are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2023 %	Effective ownership interest and voting interest 2022 %
Metta Food & Lifestyle Sdn Bhd ("Metta")	Malaysia	Investment holding	45	-
Subsidiaries of Metta				
Dewan 1958 (M) Sdn Bhd	Malaysia	Wholesale of a variety of goods without any particular specialisation and restaurant business	36	-
Aliran Andalas Sdn Bhd	Malaysia	Restaurant business	36	-
Gema Naga Sdn Bhd	Malaysia	Wholesale of a variety of goods without any particular specialisation	36	-
Mountness Sdn Bhd	Malaysia	Restaurant business	36	-
Arena Gayabumi Sdn Bhd	Malaysia	Restaurant business and business management consultancy services	36	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. Investment in associates (cont'd)

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

Group	2023 Metta Group RM'000
Summarised financial information	
As at 30 June	
Non-current assets	46,562
Current assets	8,709
Non-current liabilities	(22,716)
Current liabilities	(8,889)
Non-controlling interest	(452)
Net assets	23,214
Period ended 30 June (from 19 September 2022, date of acquisition)	
Revenue for the period	41,326
Profit for the period	181
Reconciliation of net assets to carrying amount	
As at 30 June	
Group's share of net assets	10,446
Goodwill	9,635
Carrying amount in the statement of financial position	20,081
Group's share of results for the period ended 30 June	
Group's share of profit and total comprehensive income	81

11. Other financial assets

	Group	
	2023 RM'000	2022 RM'000
Non-current		
At amortised cost		
- Term deposits	1,939	2,215

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% (2022: 0.035%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. Other investments

Group 2023	Quoted in Malaysia Shares RM'000	Quoted outside Malaysia Shares RM'000	Club membership RM'000	Total RM'000
Non-Current				
Fair value through profit or loss	-	-	53	53
Current				
Fair value through profit or loss	209	2,284	-	2,493
	209	2,284	53	2,546
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

13. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Property, plant and equipment						
- capital allowances in excess of depreciation	-	-	(6,752)	(5,338)	(6,752)	(5,338)
- revaluation prior to MFRS adoption	-	-	(4,488)	(4,024)	(4,488)	(4,024)
- fair value of biological assets	-	-	(68)	(392)	(68)	(392)
Investment property	-	-	(319)	(319)	(319)	(319)
Contract assets	-	-	(412)	(354)	(412)	(354)
Provisions	232	200	-	-	232	200
Other items	926	116	-	-	926	116
Tax assets/(liabilities)	1,158	316	(12,039)	(10,427)	(10,881)	(10,111)
Set off of tax	(1,158)	(316)	1,158	316	-	-
Net tax assets/(liabilities)	-	-	(10,881)	(10,111)	(10,881)	(10,111)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. Deferred tax assets/(liabilities) (cont'd)

Movement in recognised temporary differences during the year

Group	At 1.7.2021 RM'000	Recognised in profit or loss (Note 27) RM'000	Translation exchange differences RM'000	At 30.6.2022/ 1.7.2022 RM'000	Recognised in profit or loss (Note 27) RM'000	Translation exchange differences RM'000	At 30.6.2023 RM'000
Property, plant and equipment							
- capital allowances in excess of depreciation	(4,151)	(1,149)	(38)	(5,338)	(1,407)	(7)	(6,752)
- revaluation prior to MFRS adoption	(3,287)	(737)	-	(4,024)	(464)	-	(4,488)
- fair value of biological assets	(188)	(204)	-	(392)	324	-	(68)
Investment property	(319)	-	-	(319)	-	-	(319)
Contract assets	(205)	(149)	-	(354)	(58)	-	(412)
Provisions	155	45	-	200	32	-	232
Other items	(279)	354	41	116	763	47	926
	(8,274)	(1,840)	3	(10,111)	(810)	40	(10,881)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. 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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Unabsorbed tax losses	71,875	72,399	-	310
Unabsorbed capital allowances	2,172	2,344	-	-
Other deductible temporary differences	643	612	-	13
	74,690	75,355	-	323

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 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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Expire in:				
YA 2028	13,388	14,294	-	-
YA 2029	1,460	1,460	-	-
YA 2030	264	1,132	-	310
YA 2031	651	651	-	-
YA 2032	1,087	1,087	-	-
YA 2033	339	-	-	-
	17,189	18,624	-	310

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.

14. Inventories

	Group	
	2023 RM'000	**2022 RM'000**
Raw materials	22,577	19,487
Work-in-progress	2,985	3,997
Finished goods	13,365	11,293
Consumable goods	8	7
	38,935	34,784

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. Inventories (cont'd)

	Group 2023 RM'000	Group 2022 RM'000
Carrying amount of inventories pledged as security for credit facilities granted to a subsidiary	5,231	4,943
Recognised in profit or loss (Debit/(Credit)):		
Inventories recognised as cost of sales	163,555	133,205
Inventories written off	321	266
Inventories written down to net realisable value	-	43
Reversal of inventories written down	(251)	(40)

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.

15. Contract assets

	Group 2023 RM'000	Group 2022 RM'000
Contract assets	4,966	6,939

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 2023 RM'000	Group 2022 RM'000
At the beginning of year	6,939	4,504
Contract assets at the beginning of the year transferred to trade receivables	(6,881)	(3,394)
Revenue recognised on work completed but not yet billed	4,908	5,829
At the end of year	4,966	6,939

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. Trade and other receivables

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Trade					
Trade receivables from contracts with customers	16.1	29,403	25,608	-	-
Amount due from subsidiaries	16.2	-	-	274	704
		29,403	25,608	274	704
Non-trade					
Other receivables	16.3	3,939	3,751	-	5
Less: Impairment loss		(3,286)	(3,286)	-	-
		653	465	-	5
Deposits		703	668	62	62
Amount due from subsidiaries	16.2	-	-	10,302	9,686
Less: Impairment loss		-	-	(2,705)	(2,705)
		-	-	7,597	6,981
Prepayments		894	1,257	-	1
		2,250	2,390	7,659	7,049
		31,653	27,998	7,933	7,753

16.1 Trade receivables

Included in the trade receivables of the Group is an amount of RM189,000 (2022: RM Nil) due from a Company in which a director of the Company has interests. The trade amount is subject to negotiated trade term.

16.2 Amount due from subsidiaries

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

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

16.3 Other receivables

Included in the other receivables of the Group is an amount of RM3,286,000 (2022: RM3,286,000) due from a PSC partner for its cash call obligation. The amount was fully impaired in financial year 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. Cash and cash equivalents

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Deposits placed with licensed banks		11,098	28,792	-	3,000
Short term funds	17.1	18,985	9,940	1,658	2,907
Cash and bank balances		27,272	43,010	266	573
		57,355	81,742	1,924	6,480

17.1 Short term funds

Short-term funds represent investments in fixed income trusts which can be redeemed within a period of less than 7 days.

18. Capital and reserves

18.1 Share capital

	Group and Company Number of shares 2023 '000	Amount 2023 RM'000	Number of shares 2022 '000	Amount 2022 RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At beginning of the year	269,120	643,671	269,087	643,647
Shares issued on conversion of the Company's warrants	-	-	33	24
At end of the year	269,120	643,671	269,120	643,671

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.

During the previous 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. Capital and reserves (cont'd)

18.2 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 2021	(157,064)	(44,479)	(844)	(202,387)
Foreign currency translation differences for foreign operations	-	-	4,872	4,872
At 30 June 2022/1 July 2022	(157,064)	(44,479)	4,028	(197,515)
Foreign currency translation differences for foreign operations	-	-	6,758	6,758
At 30 June 2023	(157,064)	(44,479)	10,786	(190,757)
Company				
At 1 July 2021/30 June 2022/ 1 July 2022/30 June 2023	-	(83,429)	-	(83,429)

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. Loans and borrowings

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Non-current					
Term loans	19.1	572	1,550	-	-
		572	1,550	-	-
Current					
Term loans	19.1	987	1,078	-	-
Trade financing	19.2	3,517	6,024	-	-
		4,504	7,102	-	-
		5,076	8,652	-	-

These borrowings were subject to repayment terms and interest rates as disclosed in Note 31.5.

19.1 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.

19.2 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.

20. Deferred income

Group	Government grants RM'000
At 1 July 2021	2,144
Amortisation	(271)
At 30 June 2022/1 July 2022	1,873
Addition	1,596
Amortisation	(325)
At 30 June 2023	3,144

A subsidiary of the Group received government grants which was conditional upon the purchase of certain plant and machinery. The amortisation of government grant is recognised as other income in profit or loss and is amortised over the useful life of the plant and machinery.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. Provisions

Group	Production sharing contract ("PSC") penalties RM'000	Warranties RM'000	Total RM'000
At 1 July 2021	25,428	93	25,521
Provisions made during the year	-	80	80
Reversal of provision during the year	-	(80)	(80)
Effect of movements in exchange rates	1,678	-	1,678
At 30 June 2022/1 July 2022	27,106	93	27,199
Provisions made during the year	-	84	84
Provisions used during the year	-	(105)	(105)
Reversal of provision during the year	-	(45)	(45)
Effect of movements in exchange rates	1,585	-	1,585
At 30 June 2023	28,691	27	28,718

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.

22. Trade and other payables

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Trade					
Trade payables		18,056	15,599	-	-
Amount due to affiliated company	22.1	145	145	-	-
		18,201	15,744	-	-
Non-trade					
Accrued expenses		11,967	10,318	423	251
Employee benefits liabilities	22.2	4,104	3,832	-	-
Other payables		9,300	9,953	-	-
Amount due to subsidiaries	22.3	-	-	20,663	4,508
		25,371	24,103	21,086	4,759
		43,572	39,847	21,086	4,759

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. Trade and other payables (cont'd)

22.1 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.

22.2 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	
	2023	**2022**
	RM'000	**RM'000**
Balance at beginning of the year	3,832	3,383
Included in profit or loss		
Current service cost	345	268
Actuarial changes	282	(89)
Past service cost	-	-
Remeasurement	(644)	-
Interest cost	205	218
	188	397
Benefit payment	(126)	(71)
Effect of movements in exchange rate	210	123
	272	449
Balance at end of the year	4,104	3,832

Actuarial assumptions

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

	Group	
	2023	**2022**
Discount rate	5.67%-7.03%	4.27%-7.78%
Future salary growth	5.0%	5.0%
Mortality rate	0.00064	0.00064
Disability rate	0.00006	0.00006

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. Trade and other payables (cont'd)

22.2 Employee benefits liabilities (cont'd)

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.

22.3 Amount due to subsidiaries

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

23. Revenue

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers	210,547	183,881	1,996	1,740
Other revenue				
- Dividend income	-	-	7,400	6,800
- Rental income	493	394	-	-
Total revenue	211,040	184,275	9,396	8,540

23.1 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)

23. Revenue (cont'd)

23.1 Disaggregation of revenue (cont'd)

	Reportable segments							
	Integrated manufacturing services		Resources		Investment holding		Total	
Group	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Primary geographical markets								
Malaysia	94,209	69,409	8,675	12,537	-	-	102,884	81,946
Indonesia	64,087	54,734	-	-	-	-	64,087	54,734
Singapore	17,167	21,912	-	-	-	-	17,167	21,912
Thailand	15,936	13,533	-	-	-	-	15,936	13,533
The People's Republic of China	3,141	4,838	-	-	-	-	3,141	4,838
United States of America	3,742	3,580	-	-	-	-	3,742	3,580
Other countries	3,590	3,338	-	-	-	-	3,590	3,338
	201,872	171,344	8,675	12,537	-	-	210,547	183,881
Major products and services lines								
Automotive parts and accessories	80,594	53,387	-	-	-	-	80,594	53,387
Precision stamping and tooling	64,087	54,734	-	-	-	-	64,087	54,734
Precision machining and automation systems	57,191	63,223	-	-	-	-	57,191	63,223
Fresh fruit bunches	-	-	8,675	12,537	-	-	8,675	12,537
	201,872	171,344	8,675	12,537	-	-	210,547	183,881
Timing of recognition								
At a point in time	175,403	136,448	8,675	12,537	-	-	184,078	148,985
Overtime	26,469	34,896	-	-	-	-	26,469	34,896
	201,872	171,344	8,675	12,537	-	-	210,547	183,881
Revenue from contracts with customers	201,872	171,344	8,675	12,537	-	-	210,547	183,881
Other revenue	493	394	-	-	-	-	493	394
Total revenue	202,365	171,738	8,675	12,537	-	-	211,040	184,275

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. Revenue (cont'd)

23.2 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. Revenue (cont'd)

23.3 Transaction price allocated to the remaining performance obligations

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

24. Finance income

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest income of financial assets calculated using the effective interest method that are at amortised cost	871	725	65	93

25. Finance costs

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Term loans	104	134	-	-
- Trade financing facilities	460	552	-	-
- Bank overdraft	-	-	-	-
- Bank charges	43	-	42	-
	607	686	42	-
Interest expense on lease liabilities	163	90	30	30
	770	776	72	30

26. Profit before tax

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remunerations				
Audit fees:				
- KPMG PLT	395	361	132	115
- Overseas affiliates of KPMG PLT	593	519	-	-
- Other auditors	87	92	-	-
Non-audit fees:				
- KPMG PLT	20	20	20	20
- Overseas affiliates of KPMG PLT	14	20	-	-
- Local affiliates of KPMG PLT	15	19	8	8

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. Profit before tax (cont'd)

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Material expenses/(income)				
Amortisation of government grant	(325)	(271)	-	-
Amortisation of customer relationships	395	395	-	-
Amortisation of development costs	34	33	-	-
Bearer plants written off	664	-	-	-
Depreciation of property, plant and equipment	7,085	7,703	62	66
Depreciation of right-of-use assets	2,815	2,542	264	193
Fair value changes on biological assets	1,116	(907)	-	-
Fair value changes on financial assets at fair value through profit or loss	453	2,420	-	-
Gain on disposal of property, plant and equipment	(301)	(39)	-	-
Inventories written off	321	266	-	-
Inventories written down to net realisable value	-	43	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	2,411	2,294	234	217
- Wages, salaries and others (Note a)	31,516	29,761	2,128	1,730
- Expenses related to defined benefit plans (net)	188	397	-	-
Property, plant and equipment written off	11	-	-	-
Provision for warranties (net)	39	80	-	-
Royalty expense	110	165	-	-
Realised foreign exchange gain (net)	(428)	(473)	-	-
Reversal of inventories written down	(251)	(40)	-	-
Unrealised foreign exchange (gain)/loss (net)	(1,003)	(1,736)	843	-
Expenses arising from leases				
Expenses relating to short-term leases (Note b)	169	229	6	6
Expenses relating to leases of low-value assets (Note b)	10	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 RM Nil (2022: RM175,000) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. Tax expense

Recognised in profit or loss

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income tax expense				
Malaysian - current year	2,495	4,656	160	-
- prior years	(1,027)	(1,384)	(1)	-
Overseas - current year	1,752	1,471	-	-
Total current tax expense recognised in profit or loss	3,220	4,743	159	-
Deferred tax expense				
Origination and reversal of temporary differences	911	1,415	-	-
(Over)/Under provision in prior years	(101)	425	-	-
Total deferred tax recognised in profit or loss	810	1,840	-	-
Total tax expense	4,030	6,583	159	-
Reconciliation of tax expense				
Profit for the year	9,398	15,869	3,743	5,338
Total tax expense	4,030	6,583	159	-
Profit excluding tax	13,428	22,452	3,902	5,338
Income tax calculated using tax rate of 24%	3,223	5,388	936	1,281
Non-deductible expenses	3,650	3,981	1,076	129
Tax incentive	(703)	(658)	-	-
Tax exempt income	(366)	(408)	(1,788)	(1,124)
Effect of deferred tax not recognised	(160)	(181)	(64)	(286)
Over provision in prior years	(1,128)	(959)	(1)	-
Effect of different tax rates in foreign jurisdictions	(486)	(580)	-	-
	4,030	6,583	159	-

28. 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	
	2023	**2022**
	RM'000	**RM'000**
Profit for the year attributable to owners of the Company	10,166	16,570

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. Earnings per ordinary share - Group (cont'd)

	Group	
	2023 '000	2022 '000
Issued shares at 1 July	269,120	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	269,120	269,105
	Sen	Sen
Basic and diluted earnings per ordinary share	3.78	6.16

29. Dividends

Dividends recognised by:

	RM per share	Total amount RM'000	Date of payment
Company			
2023			
In respect of the financial year ended 30 June 2022:			
- Single tier ordinary dividend	0.018	4,844	21 November 2022
2022			
In respect of the financial year ended 30 June 2021:			
- Single tier ordinary dividend	0.030	8,073	26 November 2021

On 24 August 2023, the Directors have approved and declared a single tier dividend of RM0.011 per ordinary share totalling RM2,960,000 in respect of the financial year ended 30 June 2023. The dividend will be recognised in the financial year ending 30 June 2024 and will be paid on 20 November 2023.

30. 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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Operating segments (cont'd)

In addition, as mentioned in Note 10, the Group has an associate during the financial year, which is involved in the F&B retail industry.

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

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)

30. Operating segments (cont'd)

	IMS RM'000	Resources RM'000	Energy RM'000	Investment holding RM'000	Consolidation adjustments RM'000	Total RM'000
2023						
Segment Profit/(Loss)	20,349	(1,113)	(2,804)	(2,649)	(41)	13,742
Income/(Expense) included in the measure of Segment Profit/(Loss) are:						
Revenue from external customers	202,365	8,675	-	-	-	211,040
Inter-segment revenue	-	-	-	9,396	(9,396)	-
Bearer plants written off	-	(664)	-	-	-	(664)
Depreciation and amortisation	(7,003)	(2,612)	-	(326)	7	(9,934)
Fair value loss on biological assets	-	(1,116)	-	-	-	(1,116)
Fair value changes on financial assets at fair value through profit or loss	(385)	-	(102)	34	-	(453)
Finance costs	(195)	(265)	(1,191)	(73)	954	(770)
Finance income	1,017	9	22	65	(242)	871
Gain on disposal of property, plant and equipment	301	-	-	-	-	301
Inventories written off	(321)	-	-	-	-	(321)
Property, plant and equipment written off	(11)	-	-	-	-	(11)
Reversal of inventories written down	251	-	-	-	-	251

	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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Operating segments (cont'd)

	IMS RM'000	Resources RM'000	Energy RM'000	Investment holding RM'000	Consolidation adjustments RM'000	Total RM'000
2023						
Segment assets	207,711	41,258	134,322	71,258	(76,689)	377,860
Included in the measure of segment assets are:						
Additions to non-current assets other than financial instruments and deferred tax assets	15,194	165	4,125	719	-	20,203
Segment liabilities	55,168	12,459	142,174	21,961	(134,855)	96,907
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Operating segments (cont'd)

Reconciliation of segment profit, segment assets and liabilities

Reconciliation to consolidated profit before tax

	Group	
	2023 RM'000	2022 RM'000
Total segment profit	13,742	22,847
Share of profit of equity accounted associate, net of tax	81	-
Unallocated expenses:		
- Amortisation of customer relationships	(395)	(395)
Consolidated profit before tax	13,428	22,452

Reconciliation to consolidated total assets

	Group	
	2023 RM'000	2022 RM'000
Total segment assets	377,860	379,724
Investment in associate	20,081	-
Customer relationships	3,944	4,339
Goodwill on consolidation	22,182	22,182
Consolidated total assets	424,067	406,245

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Operating segments (cont'd)

Geographical segments (cont'd)

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
2023			
Malaysia	103,377	127,853	15,858
Indonesia	64,087	136,349	7,778
Singapore	17,167	-	2,239
Thailand	15,936	-	1,822
United States of America	3,742	-	864
The People's Republic of China	3,141	-	810
Other countries	3,590	-	32
	211,040	264,202	29,403
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

Major customers

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

	2023		2022	
	Number of customers	RM'000	Number of customers	RM'000
Segment				
IMS	3	96,166	3	91,907

31. Financial instruments

31.1 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Financial instruments (cont'd)

31.1 Categories of financial instruments (cont'd)

2023	Carrying amount RM'000	AC RM'000	FVTPL RM'000
Financial assets			
Group			
Other financial assets	1,939	1,939	-
Other investments	2,546	-	2,546
Trade and other receivables*	30,759	30,759	-
Cash and cash equivalents	57,355	57,355	-
	92,599	90,053	2,546
Company			
Trade and other receivables*	7,933	7,933	-
Cash and cash equivalents	1,924	1,924	-
	9,857	9,857	-
Financial liabilities			
Group			
Loans and borrowings	(5,076)	(5,076)	-
Trade and other payables^	(39,468)	(39,468)	-
	(44,544)	(44,544)	-
Company			
Trade and other payables	(21,086)	(21,086)	-

2022	Carrying amount RM'000	AC RM'000	FVTPL RM'000
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	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Financial instruments (cont'd)

31.1 Categories of financial instruments (cont'd)

2022	Carrying amount RM'000	AC RM'000	FVTPL RM'000
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)	-

* Excludes prepayments
^ Excludes employee benefits liabilities

31.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net (losses)/gains on:				
Financial assets at fair value through profit or loss:				
- Mandatorily required by MFRS 9	(453)	(2,420)	-	-
Financial assets at amortised cost	2,302	2,934	65	93
Financial liabilities at amortised cost	(607)	(686)	(42)	-
	1,242	(172)	23	93

31.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

31.4 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Financial instruments (cont'd)

31.4 Credit risk (cont'd)

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 RM12,027,000 (2022: RM9,957,000) arising from the exposure to 3 major customers (2022: 3 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 30. The exposure of credit risk for contract assets as at the end of the reporting period by geographic region was solely domestic.

Recognition and measurement of impairment losses

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

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

The Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. Substantially all of these customers have low risk of default.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Financial instruments (cont'd)

31.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses (cont'd)

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

Group	Gross carrying amount/ Net balance 2023 RM'000	2022 RM'000
Not past due	29,786	27,579
Past due 1 - 30 days	3,910	4,371
Past due 31 - 120 days	673	592
Past due more than 120 days	-	5
	34,369	32,547
Trade receivables	29,403	25,608
Contract assets	4,966	6,939
	34,369	32,547

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)

31. Financial instruments (cont'd)

31.4 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 2023, the Company had executed corporate guarantees in favour of licensed financial institutions up to a limit of RM22.7 million (2022: RM22.7 million) for credit facilities granted to its subsidiaries. Out of the total banking facilities secured by corporate guarantees issued by the Company, a total of RM4.8 million (2022: RM8.0 million) was outstanding at the end of the reporting period.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, there was no indication that any subsidiary would default on the repayment of their outstanding credit facilities.

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 2023, 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)

31. Financial instruments (cont'd)

31.4 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
2023			
Low credit risk	10,332	-	10,332
Significant increase in credit risk	59,800	(17,925)	41,875
Credit impaired	5,722	(5,722)	-
	75,854	(23,647)	52,207
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Financial instruments (cont'd)

31.4 Credit risk (cont'd)

Inter-company loans and advances (cont'd)

Recognition and measurement of impairment loss (cont'd)

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 2021	23,647
Net remeasurement of loss allowance	-
Balance at 30 June 2022/1 July 2022	23,647
Net remeasurement of loss allowance	-
Balance at 30 June 2023	23,647

31.5 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Financial instruments (cont'd)

31.5 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
2023							
Non-derivative financial liabilities							
Secured term loans							
- floating rate	1,559	3.65% - 7.03%	2,522	1,018	1,366	138	-
Trade financing	3,517	4.39%	3,517	3,517	-	-	-
Lease liabilities	5,285	2.08% - 8.75%	7,009	2,400	2,553	2,056	-
Trade and other payables	39,468	-	39,468	39,468	-	-	-
	49,829		52,516	46,403	3,919	2,194	-
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	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Financial instruments (cont'd)

31.5 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
2023						
Non-derivative financial liabilities						
Lease liabilities	810	2.40% - 5.17%	877	357	160	360
Other payables and accrued expenses	21,086	-	21,086	21,086	-	-
Financial guarantees	-	-	4,800	4,800	-	-
	21,896		26,763	26,243	160	360
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Financial instruments (cont'd)

31.6 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Financial instruments (cont'd)

31.6 Market risk (cont'd)

(a) Currency risk (cont'd)

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 Functional currency	Foreign currency	Other financial assets RM'000	Trade and other receivables RM'000	Cash and cash equivalents RM'000	Trade and other payables RM'000	Net exposure RM'000
2023						
RM	USD	-	7,532	10,445	(838)	17,139
RM	AUD	-	-	-	(15)	(15)
RM	EUR	-	-	-	(149)	(149)
RM	JPY	-	-	-	(36)	(36)
RM	CNY	-	-	-	(16)	(16)
AUD	USD	1,939	-	4,306	(133)	6,112
AUD	IDR	-	-	14	(4,625)	(4,611)
IDR	USD	-	-	1,406	-	1,406
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Financial instruments (cont'd)

31.6 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% (2022: 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	
	2023 RM'000	2022 RM'000
USD against RM	(1,303)	(1,839)
USD and IDR against AUD		
- USD	(465)	(960)
- IDR	350	359
	(1,418)	(2,440)

A 10% (2022: 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Financial instruments (cont'd)

31.6 Market risk (cont'd)

(b) Interest rate risk (cont'd)

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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Fixed rate instruments				
Financial assets	10,737	28,792	-	3,000
Lease liabilities	(5,285)	(1,823)	(810)	(496)
	5,452	26,969	(810)	2,504
Floating rate instruments				
Financial assets	20,924	12,155	1,658	2,907
Financial liabilities	(5,076)	(8,652)	-	-
	15,848	3,503	1,658	2,907

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.

	2023		2022	
	100 bp increase RM'000	**100 bp decrease RM'000**	**100 bp increase RM'000**	**100 bp decrease RM'000**
Group				
Floating rate instruments	120	(120)	27	(27)
Company				
Floating rate instruments	13	(13)	22	(22)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Financial instruments (cont'd)

31.6 Market risk (cont'd)

(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.

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 RM25,000 (2022: RM29,000) 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.

31.7 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Financial instruments (cont'd)

31.7 Fair value information (cont'd)

The table below analyses other financial instruments at fair value.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
2023	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**RM'000**	**RM'000**
Financial assets										
Quoted shares	2,493	-	-	2,493	-	-	-	-	2,493	2,493
Club membership	-	-	53	53	-	-	-	-	53	53
	2,493	-	53	2,546	-	-	-	-	2,546	2,546
Financial liabilities										
Term loans										
- floating rate	-	-	-	-	-	-	1,559	1,559	1,559	1,559
2022										
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Financial instruments (cont'd)

31.7 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 (2022: 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).

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. 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	
	2023 RM'000	**2022 RM'000**
Loans and borrowings (Note 19)	(5,076)	(8,652)
Lease liabilities	(5,285)	(1,823)
Less: Cash and cash equivalents (Note 17)	57,355	81,742
Net cash	46,994	71,267
Total equity attributable to owners of the Company	281,248	269,168
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.

33. Capital commitments and contingent liabilities

	Group	
	2023 RM'000	**2022 RM'000**
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	5,981	161
Exploration expenditure		
Contracted but not provided for	5,094	2,107

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 performance bond guarantee at year end of RM18,111,000 (2022: RM17,276,000) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. 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 16 and 22.

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
A. Subsidiaries				
Management fee income	-	-	(1,996)	(1,740)
Dividend income	-	-	(7,400)	(6,800)
B. Affiliated company				
Purchases	1,213	717	-	-
Royalty expenses	110	79	-	-
C. Companies in which certain Directors of the Company have interests				
Sales	(187)	-	-	-
Purchases	-	10	-	-
D. Companies in which certain Directors of the Subsidiaries have interests				
Rental income	(9)	(12)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. Related parties (cont'd)

Significant related party transactions (cont'd)

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
E. Key management personnel				
Directors:				
- Fees	158	175	154	168
- Remuneration	4,833	4,483	1,391	1,094
- Estimated monetary value of benefits-in-kind	11	11	-	-
	5,002	4,669	1,545	1,262
Other key management personnel:				
- Short term employee benefits	1,907	1,564	325	375
	1,907	1,564	325	375
	6,909	6,233	1,870	1,637
F. Other related party				
Rental of premises payable	20	-	-	-

35. Significant event

On 19 September 2022, the Company completed its subscription for a 45% equity interest of the enlarged share capital of Metta Food & Lifestyles Sdn Bhd and its subsidiaries ("Metta Group") for a cash consideration of RM20 million. Metta Group is principally involved in the F&B retail industry, operating banquet-themed restaurants and cafes with the branding of De.Wan 1958 and Cafe Chef Wan.

STATEMENT BY DIRECTORS & STATUTORY DECLARATION

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 64 to 152 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 2023 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: 18 October 2023

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 64 to 152 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 CA 10264, at Kelana Jaya in the Selangor on 18 October 2023.

………………………………..
Chen Heng Mun

Before me:
Najmi Dawami Bin Abdul Hamid @ Mohd Akib
Commissioner for Oaths (B444)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GLOBALTEC FORMATION BERHAD

(Registration No. 201101024895 (953031-A))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Globaltec Formation Berhad, which comprise the statements of financial position as at 30 June 2023 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 64 to 152.

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 2023, 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 for the current year. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition Refer to Note 2(q) - Significant accounting policy: Revenue and other income and Note 23 - Revenue.	
The key audit matter	**How the matter was addressed in our audit**
The Group recorded revenue of RM211,040,000 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.	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 2023 to invoices and delivery documents to assess whether the revenue was recognised in the appropriate financial periods.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF GLOBALTEC FORMATION BERHAD

(Registration No. 201101024895 (953031-A))
(Incorporated in Malaysia)

Key Audit Matters (cont'd)

<table>
<tr><td colspan="2">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.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As at 30 June 2023, the Group had incurred and recognised exploration and evaluation expenditure of RM125,721,000 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 conditions allowing capitalisation of E&E expenditure and presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the carrying value of E&E expenditure capitalised. 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.

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 ability of the Group to fund the continuation of activities.

The Group engages an external expert to assist with the determination of whether any impairment indicators are present, considering the results from latest activities regarding the existence or otherwise of economically recoverable and a commercially viable quantity of gas resources or reserves.</td><td>Our audit procedures included, among others:

• We evaluated the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard.

• We assessed 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 and the exploration programmes planned for those for consistency with documentation such as Joint Operating Agreements ("JOAs").

• 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 Production Sharing Contracts ("PSCs"), JOAs and letters in place with the Government of Indonesia. We also tested for compliance with conditions, such as minimum exploration expenditure requirements, for 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 in certain areas; We corroborated the Group's stated intentions for continuing E&E with key operations and finance personnel.

• 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 obtained area of interest expenditure obligations and assessed evidence of the ability to fund continued activities, including board minutes and budgets;

• We compared the results from the external expert engaged by the Group regarding the valuation of the Muara Enim PSC, the Muralim PSC and the Tanjung Enim PSC for consistency to the treatment of E&E expenditure capitalised and the requirements of the accounting standard.

• We assessed the disclosures in the Group's financial report against the requirements of the accounting standards.</td></tr>
</table>

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF GLOBALTEC FORMATION BERHAD

(Registration No. 201101024895 (953031-A))
(Incorporated in Malaysia)

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.

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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF GLOBALTEC FORMATION BERHAD

(Registration No. 201101024895 (953031-A))
(Incorporated in Malaysia)

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):

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF GLOBALTEC FORMATION BERHAD

(Registration No. 201101024895 (953031-A))
(Incorporated in Malaysia)

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: 18 October 2023

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 2023 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 4 OCTOBER 2023

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1-99	1,589	16.682	45,351	0.017
100-1,000	2,274	23.874	1,421,092	0.528
1,001-10,000	4,283	44.966	17,579,023	6.532
10,001-100,000	1,185	12.441	35,629,130	13.239
100,001-13,456,011 (*)	189	1.984	118,467,000	44.020
13,456,012 and above (**)	5	0.053	95,978,663	35.664
Total	**9,525**	**100.000**	**269,120,259**	**100.000**

Remarks:

* - *Less than 5% of issued shares*

** - *5% and above of issued shares*

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

No	Name	No. of Shares Direct	%	No. of Shares Indirect	%
1	Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP	54,300,870	20.18	-	-
2	Mr Kong Kok Keong	41,465,315	15.41	19,397,650	7.21 (1)
3	Mr Ooi Boon Pin	3,899,279	1.45	989,290	0.37 (2)
4	Mr Chen Heng Mun	93,109	0.03	100,235	0.04 (2)
5	Mr Wong Zee Shin	966	*	-	-
6	Datuk Dr Yong Teck Shing, JP	-	-	-	-
7	Dato' Lee Teck Hua	-	-	-	-
8	Ms Au Peck Wai	-	-	-	-

Notes:

(1) *Deemed interested by virtue of his shareholdings in Darulnas (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and spouse's interest pursuant to Section 59(11) of the Companies Act 2016.*

(2) *Deemed interested by virtue of his spouse's interest pursuant to Section 59(11) of the Companies Act 2016.*

* *Negligible.*

STATISTICS ON SHAREHOLDINGS (CONT'D)

AS AT 4 OCTOBER 2023

SUBSTANTIAL SHAREHOLDERS SHAREHOLDINGS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares Direct	%	No. of Shares Indirect	%
Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP	54,300,870	20.18	-	-
Mr Kong Kok Keong	41,465,315	15.41	14,900,000	5.54 [1]
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.*

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	7.460
3.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH TIAN CHUAN	19,537,867	7.260
4.	DARULNAS (M) SDN. BHD.	14,900,000	5.537
5.	KONG KOK KEONG	14,027,374	5.212
6.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	9,776,300	3.633
7.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH TIAN CHUAN	9,233,633	3.431
8.	YONG NAM YUN	5,826,039	2.165
9.	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	4,902,000	1.821
10.	LOKE MEI PING	4,497,650	1.671
11.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	3,718,445	1.382
12.	OOI BOON PIN	3,377,730	1.255
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM (211901)	3,000,000	1.115
14.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE	2,854,000	1.060
15.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH TIAN CHUAN	2,728,846	1.014
16.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH TIAN CHUAN (MQ0008)	2,725,043	1.013

STATISTICS ON SHAREHOLDINGS (CONT'D)
AS AT 4 OCTOBER 2023

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

No.	Name	Shares Held	% of Issued Capital
17.	CHONG CHIEW TSHUNG	2,707,600	1.006
18.	HIEW YON FO	2,475,000	0.920
19.	ANTARA REKA SDN. BHD.	2,308,900	0.858
20.	TE KIM LENG	2,200,000	0.817
21.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHONG YOON ON (PB)	2,194,900	0.816
22.	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	1,814,750	0.674
23.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JUDDY CHU YEN TIEN	1,814,306	0.674
24.	CITIGROUP NOMINEES (ASING) SDN BHD CEP FOR PHEIM SICAV-SIF	1,785,400	0.663
25.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG HUNG TECK (8083175)	1,500,000	0.557
26.	YOHANES ARIF LUKMAN	1,043,755	0.388
27	CHANG CHUEN LEE	989,290	0.368
28	CHONG CHEE YOONG	890,425	0.331
29.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PHEIM ASSET MANAGEMENT SDN BHD FOR BENTA WAWASAN SDN BHD (A/C 95-230135)	890,000	0.331
30.	LAI YIN THAI	823,400	0.306
	TOTAL	**172,056,075**	**63.932**

PROPERTIES OF THE GROUP

AS AT 30 JUNE 2023

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 2023 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	25 years	Lease over 60 years/ 10.7.2057	4,186	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	26 years	Lease over 30 years/ 24.9.2041	1,466	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	11 years	Lease over 30 years/ 24.9.2025	4,892	25 May 2012

PROPERTIES OF THE GROUP (CONT'D)

AS AT 30 JUNE 2023

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 2023 RM'000	Latest date of revaluation*/ Date of purchase
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	4 years	Lease over 60 years/ 25.1.2072	10,640	October 2011
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	34 years	Lease over 99 years/ 10.1.2089	5,087	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 2023

PROPERTIES OF THE GROUP (CONT'D)

AS AT 30 JUNE 2023

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 2023 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	7,819	25 May 2012
				(ii) NT: 40.510	Perpetual/31.5.2039		
	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. Leasehold/12.12.2098 b) 19.390 ha. Leasehold/31.5.2039	9,858	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	17,412	25 May 2012
				(ii) NT: 364.534	a) 361.271 ha. Leasehold/31.5.2039 b) 3.263 ha. Leasehold/13.7.2040		

PROPERTIES OF THE GROUP (CONT'D)

AS AT 30 JUNE 2023

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 2023 RM'000	Date of purchase
2.	Bukit Garam/ Sg. Lokan Off KM76.5 Sandakan – Lahad Datu Highway Kinabatangan Sabah, Malaysia	NT	Oil Palm	NT: 104.205	a) 97.185 ha. Leasehold/7.12.2040 b) 7.020 ha. Leasehold/18.12.2038	3,949	25 May 2012

NOTICE OF THE
TWELFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting (**"12th AGM"**) of the Company will be held on a virtual basis from the Broadcast Venue at Tricor Business Centre Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 30 November 2023 at 2.30 p.m. or at any adjournment thereof to transact the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports of Directors and Auditors thereon.

2. To approve the payment of Directors' fees to the Non-Executive Directors of RM14,000 for their services from 1 October 2023 until the date of this annual general meeting in excess of the current approved limit. *Ordinary Resolution 1*

3. To approve the payment of Directors' fees to the Non-Executive Directors up to an amount of RM210,000 from 1 December 2023 until the next annual general meeting of the Company. *Ordinary Resolution 2*

4. To approve the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM15,000 from 1 December 2023 until the next annual general meeting of the Company. *Ordinary Resolution 3*

5. To re-elect the following Directors who retire pursuant to the Company's Constitution:

   (a) Mr. Ooi Boon Pin (Article 90(1)) *Ordinary Resolution 4*
   (b) Mr. Wong Zee Shin (Article 90(1)) *Ordinary Resolution 5*
   (c) Dato' Lee Teck Hua (Article 83) *Ordinary Resolution 6*
   (d) Ms Au Peck Wai (Article 83) *Ordinary Resolution 7*

6. To re-appoint KPMG PLT as Auditors of the Company and authorise the Directors to determine their remuneration. *Ordinary Resolution 8*

7. To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:

   PROPOSED RETENTION OF MR. WONG ZEE SHIN AS INDEPENDENT DIRECTOR *Ordinary Resolution 9*

   "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, until the end of the term of twelve (12) years as allowed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad."

   AUTHORITY TO ALLOT SHARES *Ordinary Resolution 10*

   "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 total number of issued shares of the Company for the time being.

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

AND THAT pursuant to Clause of 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."

8. 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 2023

Notes:

1. Mode of Meeting

1.1 The 12th AGM 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 12th 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 12th AGM.

*1.2 The Broadcast Venue of the 12th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 ("**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.*

2. Proxy

2.1 For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming 12th AGM, the Company shall be requesting the Record of Depositors as at 22 November 2023. Only depositors whose names appear in the Record of Depositors as at 22 November 2023 shall be regarded as members and entitled to attend, speak and vote at the meeting.

2.2 A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company and there is no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.

2.3 A member may appoint not more than two (2) proxies to attend the meeting. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

2.4 Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

*2.5 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.*

NOTICE OF THE **TWELFTH ANNUAL GENERAL MEETING (CONT'D)**

2.6 *The instrument appointing a proxy ("**Proxy Form**") shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing (or if such appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised or in some other manner approved by Directors).*

2.7 *The Proxy Form must be deposited/submitted in the following manners not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof:*

(a) *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.

(b) *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.

2.8 *The last date and time for lodging the Proxy Form is Tuesday, 28 November 2023 at 2:30 p.m.*

3. *Audited Financial Statements for the Financial Year Ended 30 June 2023*

The audited financial statements are laid before the members pursuant Section 340(1) of the Act. 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.

4. *Ordinary Resolutions 1 to 3*
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.

Ordinary Resolution 1 on payment of Directors' fees from 1 October 2023 until the date of the 12th AGM

*The members had at the 11th AGM held on 30 November 2022 approved the payment of Directors' fees to the Non-Executive Directors of up to an amount of RM168,000 for their services from 1 December 2022 until the next annual general meeting of the Company ("**2022 Mandate Limit**"). Due to the increase in Board size, the total amount of Directors' fees paid/payable from 1 December 2022 until the date of 12th AGM i.e. 30 November 2023 is amounting to RM182,000, of which RM14,000 is in excess of the 2022 Mandate Limit ("**Excess Amount**"). Accordingly, specific shareholder approval will be sough at the 12th AGM for the payment of the Excess Amount.*

Ordinary Resolution 2 on payment of Directors' fees from 1 December 2023 until the next AGM

Based on the current Board size and on the assumption that there is no adjustment to the Directors' fees, the total amount of Directors' fees payable to the Non-Executive Directors from 1 December 2023 until the next AGM tabled for the members' approval is RM210,000.

Ordinary Resolution 3 on payment of Directors' benefits from 1 December 2023 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. Based on the current Board size and estimated number of meetings to be held, the Directors' benefits from 1 December 2023 until the conclusion of next AGM is estimated not to exceed RM15,000.

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.

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

5. Ordinary Resolution 9
Proposed Retention of Independent Non-Executive Director

*The proposed Ordinary Resolution 9 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.*

*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 11 years and 7 months. Come 28 March 2024, Mr. Wong will serve on the Board for a cumulative period of 12 years, which is the maximum term allowed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**") for an independent director.*

At the 12th AGM, the Board wishes to seek member's approval to retain Mr. Wong as Senior Independent Non-Executive Director of the Company, until the end of his term of 12 years as allowed under the Listing Requirements.

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 2023.

6. Ordinary Resolution 10
Authority to Allot Shares

The proposed Ordinary Resolution 10, 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 10 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 11th AGM held on 30 November 2022 and the said authority will lapse at the conclusion of the coming 12th AGM.

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

Date	:	Thursday, 30 November 2023
Time	:	2.30 p.m.
Broadcast Venue	:	Tricor Business Centre Gemilang Room Unit 29-01, Level 29 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 12th 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 12th 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 12th 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 12th 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 12th 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.

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

PROCEDURES FOR RPV (CONT'D)

	Procedure	Action
BEFORE THE AGM DAY		
(b)	Submit your registration for RPV	• Registration is open from Tuesday, 31 October 2023 until the day of the 12th AGM on Thursday, 30 November 2023. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 12th AGM to ascertain their eligibility to participate the 12th 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 12th 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. • After verification of your registration against the General Meeting Record of Depositors as at 22 November 2023, the system will send you an e-mail after 28 November 2023 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 12th 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 12th AGM at any time from 1.30 p.m. i.e. 1 hour before the commencement of the AGM on Thursday, 30 November 2023 at 2.30 p.m.,
(d)	Participate through Live Streaming	• Select the corporate event: **"(LIVE STREAM MEETING) GLOBALTEC FORMATION BERHAD 12th AGM"** to engage in the proceedings of the 12th 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 12th AGM.
(e)	Online Remote Voting	• Voting session commences from 2.30 p.m. on Thursday, 30 November 2023 until a time when the Chairman announces the end of the session. Select the corporate event: **"(REMOTE VOTING) GLOBALTEC FORMATION BERHAD 12th 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 12th 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.

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

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) to participate via RPV at the 12th 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 **Tuesday, 28 November 2023 at 2.30 p.m**.

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 **Tuesday, 28 November 2023 at 2.30 p.m**. to participate via RPV in the 12th 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 **Tuesday, 28 November 2023 at 2.30 p.m**. to participate via RPV in the 12th 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
TWELFTH 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 12th 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 12th 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 12th 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 12th 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).

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 **Thursday, 30 November 2023** 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.

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

POLL VOTING (CONT'D)

Upon completion of the voting session for the 12th 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 12th 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 **Tuesday, 28 November 2023 at 2.30 p.m**. The Board will endeavor to answer the questions received at the 12th AGM.

NO RECORDING OR PHOTOGRAPHY

Unauthorized recording and photography are strictly prohibited at the 12th 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
Cik Dina Qistina Zulkanain	: +603 - 2783 9165/Dina.Qistina@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 Twelfth Annual General Meeting of the Company on a virtual basis from the Broadcast Venue at Tricor Business Centre Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 30 November 2023 at 2.30 p.m. or 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		
Ordinary Resolution 8		
Ordinary Resolution 9		
Ordinary Resolution 10		

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 ....……., 2023

____
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. *For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming Twelfth Annual General Meeting, the Company shall be requesting the Record of Depositors as at 22 November 2023. Only depositors whose names appear in the Record of Depositors as at 22 November 2023 shall be regarded as members and entitled to attend, speak and vote at the meeting.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company and there is no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.*
3. *A member may appoint not more than two (2) proxies to attend the meeting. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *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.*
6. *The instrument appointing a proxy ("**Proxy Form**") shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing (or if such appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised or in some other manner approved by Directors).*
7. *The Proxy Form must be deposited/submitted in the following manners not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof:*

   (a) 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.

   (b) 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
8. *The last date and time for lodging the Proxy Form is Tuesday, 28 November 2023 at 2:30 p.m.*

Glue and seal along this line

億利達控股有限公司

Globaltec Formation Berhad

Reg. No. 201101024895 (953031-A)

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