GLOBALTEC FORMATION BERHAD

(Incorporated in Malaysia)

Company No: 953031-A

FOURTH QUARTERLY REPORT
FINANCIAL YEAR 2021

HIGHLIGHTS

- **The Board declares a dividend of 3 sen per share**
- **Group chalks up net profit of RM20.4 million for current year (2020: RM2.3 million)**
- **Net cash inflow of RM22.3 million**
- **Cash/Cash equivalent position at RM73.0 million**
- **Gearing decreased from 0.09 times to 0.06 times**
- **Net assets increased to RM256 million**
- **Net assets per share increased to RM0.95**
- **Approval for Tanjung Enim Plan of Development obtained**

Condensed unaudited consolidated statement of profit or loss and other comprehensive income for the financial year ended 30 June 2021

	Current quarter 30.6.2021 RM'000	Preceding year corresponding quarter 30.6.2020 RM'000	Current year 30.6.2021 RM'000	Preceding year 30.6.2020 RM'000
Revenue	37,834	19,353	161,116	163,823
Cost of sales	(28,498)	(15,217)	(123,137)	(128,830)
Gross profit	9,336	4,136	37,979	34,993
Other operating expenses	(6,317)	(12,689)	(29,802)	(37,891)
Other operating income	5,153	6,655	27,521	6,655
Results from operating activities	8,172	(1,898)	35,698	3,757
Finance income	204	272	855	1,367
Finance costs	(244)	(289)	(954)	(1,296)
Profit/(Loss) before tax	8,132	(1,915)	35,599	3,828
Tax expense	(2,679)	(2,569)	(6,113)	(4,933)
Profit/(Loss) for the period	5,453	(4,484)	29,486	(1,105)
Other comprehensive (expense)/income, net of tax				
Foreign currency translation differences for foreign operations	(433)	3,234	(4,200)	3,423
Total comprehensive income/(expense) for the period	5,020	(1,250)	25,286	2,318
Profit/(Loss) attributable to:				
Owners of the Company	5,009	(1,355)	20,400	2,348
Non-controlling interests	444	(3,129)	9,086	(3,453)
Profit/(Loss) for the period	5,453	(4,484)	29,486	(1,105)
Total comprehensive income/(expense) attributable to:				
Owners of the Company	4,828	2,916	17,205	5,253
Non-controlling interests	192	(4,166)	8,081	(2,935)
Total comprehensive income/(expense) for the period	5,020	(1,250)	25,286	2,318
Basic earnings/(loss) per ordinary share (sen)	1.861	(0.504)	7.581	0.873
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

(The condensed unaudited consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the Annual Report for the year ended 30 June 2020)

Condensed unaudited consolidated statement of financial position as at 30 June 2021

	As at 30.6.2021 RM'000	Audited 30.6.2020 RM'000
Non-current assets		
Property, plant and equipment	61,539	73,011
Right-of-use assets	33,600	35,781
Exploration and evaluation assets	103,479	103,598
Other investments	53	53
Other financial assets	2,151	3,138
Investment property	13,605	13,605
Intangible assets	27,016	27,445
Deferred tax assets	-	165
Total non-current assets	241,443	256,796
Current assets		
Biological assets	491	241
Receivables, deposits and prepayments	24,114	17,301
Inventories	30,987	24,034
Contract assets	3,652	5,374
Other investments	15,071	164
Current tax assets	1,321	1,882
Fixed deposits with maturity more than 3 months but less than 12 months	-	3,000
Cash and cash equivalents	72,973	53,004
Total current assets	148,609	105,000
TOTAL ASSETS	390,052	361,796
Equity attributable to owners of the Company		
Share capital	643,647	643,647
Business combination deficit	(157,064)	(157,064)
Reserves	(230,808)	(248,013)
	255,775	238,570
Non-controlling interests	44,840	36,759
Total equity	300,615	275,329
Long term and deferred liabilities		
Borrowings	2,765	3,749
Lease liabilities	684	2,014
Deferred income	1,873	1,329
Deferred tax liabilities	8,210	6,813
Total long term and deferred liabilities	13,532	13,905
Current liabilities		
Payables and accruals	36,121	30,536
Lease liabilities	1,054	1,681
Tax liabilities	1,868	323
Deferred income	271	160
Provisions	25,521	26,398
Borrowings	11,070	13,464
Total current liabilities	75,905	72,562
Total liabilities	89,437	86,467
TOTAL EQUITY AND LIABILITIES	390,052	361,796
Net assets per share attributable to owners of the Company (RM)	0.951	0.887

(The condensed unaudited consolidated statement of financial position should be read in conjunction with the Annual Report for the year ended 30 June 2020)

Condensed unaudited consolidated statement of changes in equity for the financial year ended 30 June 2021

	Attributable to owners of the Company							
	Share capital	Foreign currency translation reserve	Fair value adjustment reserve	Business combination deficit	Accumulated losses	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2020	643,647	2,351	(44,479)	(157,064)	(205,885)	238,570	36,759	275,329
Total comprehensive (expense)/income for the year	-	(3,195)	-	-	20,400	17,205	8,081	25,286
At 30 June 2021	643,647	(844)	(44,479)	(157,064)	(185,485)	255,775	44,840	300,615

	Attributable to owners of the Company							
	Share capital	Foreign currency translation reserve	Fair value adjustment reserve	Business combination deficit	Accumulated losses	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2019	643,647	(554)	(44,479)	(157,064)	(208,233)	233,317	39,694	273,011
Total comprehensive income/(expense) for the year	-	2,905	-	-	2,348	5,253	(2,935)	2,318
At 30 June 2020	643,647	2,351	(44,479)	(157,064)	(205,885)	238,570	36,759	275,329

(The condensed unaudited consolidated statement of changes in equity should be read in conjunction with the Annual Report for the year ended 30 June 2020)

Condensed unaudited consolidated statement of cash flows for the financial year ended 30 June 2021

	Current year 30.6.2021 RM'000	Preceding year 30.6.2020 RM'000
Cash flows from operating activities		
Profit before tax	35,599	3,828
Adjustments for:		
Allowance for inventories obsolescence no longer required	-	(107)
Amortisation of customer relationships	395	395
Amortisation of development costs	34	3
Amortisation of government grant	(250)	(106)
Changes in fair value of other investments	(256)	32
Changes in lease payments arising from rent concessions	-	(70)
Depreciation	11,296	11,607
Dividend income	-	(2)
Fair value changes on biological assets	(250)	(69)
Fair value gain on investment property	-	(3,194)
Finance costs	954	1,296
Finance income	(855)	(1,367)
Gain on disposal of joint venture	(1,020)	-
Gain on disposal of gold royalty	(22,227)	-
Gain on disposal of property, plant and equipment	(2,823)	(188)
Impairment loss on receivables, deposits, and prepayments	-	3,286
Inventories written off	202	-
Property, plant and equipment written off	-	3
Provision for warranties (net)	44	(479)
Unrealised foreign exchange loss	1,042	14
Operating profit before working capital changes	21,886	14,882
Changes in working capital:		
Inventories	(7,570)	4,351
Contract assets	1,723	808
Receivables, deposits and prepayments	(7,376)	16,914
Payables and accruals	7,121	(6,040)
Cash generated from operations	15,784	30,915
Warranties paid	(85)	(126)
Taxation paid (net)	(2,477)	(3,251)
Net cash generated from operating activities	13,222	27,538

Condensed unaudited consolidated statement of cash flows for the financial year ended 30 June 2021 (continued)

	Current year 30.6.2021 RM'000	Preceding year 30.6.2020 RM'000
Cash flows from investing activities		
Development costs paid	-	(136)
Dividend received	-	2
Exploration and evaluation expenditure incurred	(3,559)	(1,491)
Interest received	855	1,367
Withdrawal of long tenure fixed deposits	3,000	3,000
Proceeds from disposal of other investments	2,622	-
Proceeds from disposal of property, plant and equipment	8,050	374
Proceeds from disposal of gold royalty	5,737	-
Purchase of property, plant and equipment	(3,458)	(5,226)
Purchase of investment property	-	(10,411)
Net cash generated from/(used in) investing activities	13,247	(12,521)
Cash flows from financing activities		
Receipt of government grant	905	1,595
Interest paid	(954)	(1,296)
Withdrawal of pledged deposits with licensed banks	891	-
Repayment of bank borrowings – net	(5,035)	(4,502)
Net cash used in financing activities	(4,193)	(4,203)
Net increase in cash and cash equivalents	22,276	10,814
Effect of foreign exchange fluctuation on cash and cash equivalents	(2,016)	2,195
Cash and cash equivalents at beginning of year	52,713	39,704
Cash and cash equivalents at end of year	72,973	52,713

	As at 30.6.2021 RM'000	As at 30.6.2020 RM'000
Cash and bank balances	44,131	26,865
Short term placement funds	13,842	9,739
Deposits with licensed banks	15,000	16,400
	72,973	53,004
Less:		
Bank overdraft	-	(291)
	72,973	52,713

(The condensed unaudited consolidated statement of cash flows should be read in conjunction with the Annual Report for the year ended 30 June 2020)

NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

This interim financial report of Globaltec Formation Berhad ("GFB" or the "Company") and its subsidiaries ("Group") is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134, *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") ("Listing Requirements").

A2. Significant Accounting Policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 30 June 2020.

The Group has not adopted the following standards that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform–Phase 2*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

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

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- 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*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

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

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

- from the annual period beginning on 1 July 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021.
- from the annual period beginning on 1 July 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for Amendments to MFRS 1 which is not applicable to the Group.
- 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, except for MFRS 17 which is not applicable to the Group.

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

A3. Qualified audit report

The preceding annual audited financial statements of the Group were reported on without any qualification.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial year.

A5. Seasonal and cyclical factors

There were no material seasonal or cyclical factors affecting the income and performance of the Group.

A6. Changes in estimates

There were no changes in the estimates of amounts which give a material effect for the financial year ended 30 June 2021.

A7. Dividends

The Board has on 10 September 2021 declared a dividend of 3 sen per share, in respect of the financial year ended 30 June 2021.

A8. Material events subsequent to the year end

There were no material events subsequent to the financial year end.

A9. Changes in composition of the Group

There were no material changes in the Group structure for the financial year and up to the date of this report.

A10. Capital commitments

Contracted but not provided for capital commitments as at 30 June 2021 were as follows:

	RM'000
In respect of:	
- Property, plant and equipment	4,230

A11. Contingent liabilities/assets

As at 30 June 2021, the Company had executed corporate guarantees in favour of licensed financial institutions of up to a limit of RM33.5 million for credit facilities granted to subsidiaries. Out of the total banking facilities secured by corporate guarantees by the Company, a total of RM12.4 million was outstanding at the year end; and

A12. Debt and equity securities

There were no issuances, cancellations, share splits, repurchases and repayments of the Company's debt or equity securities for the financial year ended 30 June 2021.

A13. Segmental information

Analysis by business segments being the primary basis of the Group's segmental reporting for the financial year ended 30 June 2021 is as follows:

	Integrated manufacturing services RM'000	Energy RM'000	Resources RM'000	Investment holding RM'000	Consolidation adjustments RM'000	Consolidated RM'000
Segment revenue						
Revenue from external customers	153,948	-	7,168	-	-	161,116
Inter-segment revenue	-	-	-	5,534	(5,534)	-
Total revenue	153,948	-	7,168	5,534		161,116
Segment profit/(loss)	16,535	19,856	768	(2,246)	686	35,599
Segment assets	174,132	126,083	46,513	76,076	(59,669)	363,135
Customer relationships						4,736
Goodwill on consolidation						22,181
Consolidated total assets						390,052

<u>OTHER NOTES PURSUANT TO BURSA MALAYSIA'S MAIN MARKET LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A</u>

B1. Review of performance

The Integrated Manufacturing Services ("IMS") segment comprises the following divisions:

i) precision machining, stamping and tooling ("PMST"); and
ii) automotive components design and manufacturing ("Automotive").

The Resources segment is principally involved in the harvesting and selling of fresh fruit bunches of oil palm ("FFB") whereas the Energy segment is principally involved in the exploration and production of oil and gas but has not commenced commercial production yet.

Year on Year

The Group's revenue for the current year decreased from RM163.8 million in prior year to RM161.1 million. This was due to a decrease of RM4.5 million registered by the IMS segment but was partially offset by an increase of RM1.8 million in revenue contributed by the Resources segment. All the divisions within IMS segment registered a decline in their revenue due to lower demand, which was attributable to the global COVID-19 pandemic (and the ensuing movement control restrictions imposed by governments worldwide), which commenced mainly in the second half of financial year ("FY") 2020 but affected the full year of FY2021. The increase in the Resources segment's revenue was due to the effect of the increase in FFB prices outweighing the decrease in FFB production.

The Group registered an increase of RM18.3 million or 796% in net profit, year on year from RM2.3 million to RM20.4 million. During the financial year, the Energy segment recognised a gain on disposal of gold royalty of RM11.5 million (Group's effective share) and the Automotive division recognised a gain on disposal of its joint-venture of RM1.0 million and gain on disposal of one of its factory buildings (which was made idle pursuant to the Automotive division's consolidation of operations executed during the financial year for better production and cost efficiency) of RM2.2 million. In the previous financial year/quarter, the Energy segment incurred an impairment loss on receivable of RM1.7 million (Group's effective share) and the Investment Holding segment accounted for a fair value gain (net of deferred tax) of RM2.9 million on its investment property.

Within the IMS segment, the net profit from PMST division decreased from RM9.4 million to RM8.6 million year on year, in tandem with the decline in its revenue. On a normalised basis, the Automotive division however registered a positive turnaround from a net loss of RM1.1 million in FY2020 to a net profit of RM0.6 million in FY2021, due mainly to better cost management and rationalisation and better product mix. Comparing FY2021 with FY2020, the net loss from Resources segment declined from RM3.4 million to RM1.2 million, attributable to its higher revenue. The net loss from the Energy segment, on a normalised basis also reduced from RM2.5 million to RM0.7 million year on year due mainly to lower administrative expenses.

Current Quarter vs Preceding Year Corresponding Quarter

The Group's revenue for the current quarter doubled from RM19.4 million in the preceding year corresponding quarter to RM37.8 million on the back of both the IMS segment and Resources segment registering an increase in their revenue of RM17.3 million (90%) and RM1.2 million (86%) respectively. The increase in the IMS segment's revenue is underpinned by the increase in revenue from both the PMST and Automotive divisions, driven by higher demand and lower base in the preceding year corresponding quarter. The increase in the Resources segment's revenue was attributable to the increase in FFB prices but was offset marginally by the decrease in in FFB production.

Included in the Group's net profit for the current quarter was the aforementioned Automotive division's gain on disposal of its joint-venture of RM1.0 million and gain on disposal of one of its factory buildings of RM2.2 million. Excluding these non-recurring items from the net profit of the current quarter and earlier mentioned non-recurring items from the net loss of the preceding year corresponding quarter, the Group registered a positive turnaround from a net loss of RM2.6 million in the preceding year corresponding quarter to a net profit of RM1.8 million for the current quarter.

On the back of increased revenues, all the IMS divisions registered improved results for the current quarter vis-à-vis the preceding year corresponding quarter, propelling the net profit contribution on a normalised basis, from the IMS segment to reverse its net loss of RM0.3 million to a net profit of RM1.0 million. The PMST division's net profit climbed from RM1.0 million to RM1.4 million, whereas the net loss (on a normalised basis) from the Automotive division reduced from RM1.3 million to RM0.4 million. The Resources segment also returned a net profit of RM0.7 million for the current quarter versus a net loss of RM1.8 million for the preceding year corresponding quarter due to its higher revenue and lower deferred tax expense.

Financial position analysis

As at 30 June 2021, the Group's cash and cash equivalents/deposit continued to grow to RM73.0 million (30 June 2020: RM56.0 million). The Group recorded a net cash inflow of RM22.3 million for the current year versus a net cash inflow of RM10.8 million for the preceeding year, mainly due to the proceeds from the disposal of the Automotive division's factory building of RM8.1 million, proceeds from the disposal of gold royalty amounting to RM5.7 million and the proceeds from the disposal of other investments of RM2.6 million for the current year whereas in the prior year, the Group acquired an investment property amounting to RM10.4 million. Comparing 30 June 2021 with 30 June 2020, the Group's net assets per share has increased from RM0.887 to RM0.951 whilst the gearing dropped to 0.06 times from 0.09 times. Current ratio of the Group improved from 1.45 times to 1.96 times.

B2. Material changes from the preceding quarter

Comparing quarter on quarter, the Group's revenue decreased from RM43.3 million to RM37.8 million due to the IMS segment registering a decrease in its revenue from RM42.2 million to RM35.3 million due mainly to tighter movement control restrictions being reimplemented in this current quarter, which affected mainly the Automotive division, as it was not allowed to operate in June 2021 as it was not an essential industry/service. The Resource segment's revenue, however increased from RM1.1 million to RM2.5 million as a result of increase in both FFB production and FFB price.

In the previous quarter, the Energy segment registered a fair value loss on other investments of RM3.6 million (Group's effective share). Excluding this item and the non-recurring items for the current quarter mentioned in Note B1, in tandem with the decrease in revenue, the Group recorded a marginal decrease in its normalised net profit from RM2.2 million to RM1.8 million quarter on quarter. In line with the drop in revenue, the IMS segment/divisions, on a normalised basis, registered a decline in its net profit of RM2.8 million, underpinned by the decrease in the results of all the IMS divisions. This drop was partially offset by the increase in profits from the Resources segment of RM1.4 million due mainly to the increase in its revenue.

B3. Prospects

The ongoing and unabating Covid-19 pandemic has caused great damaging effects to the global/Malaysian economy. Due to the resurgent Covid-19 pandemic, several countries around the world including Malaysia have reimposed lockdowns and movement control orders again. As such, the Group's businesses too face challenges to operate at its usual capacity but whilst still having to pay for various fixed costs and overhead.

On a positive note, the PMST division will continue to gradually increase its capacity and revenue over time with the commissioning of its new 56,000 square feet facility in Bukit Minyak, Penang in the previous financial year.

The prospects for the Automotive division will be somewhat subdued due mainly to the Covid-19 pandemic lockdowns and weak consumer sentiment due to uncertainty and apprehension of pay cuts and layoffs. Nevertheless, the silver linings foreseeable for the Automotive division are:

i) incentives given by the Government to spur growth and encourage spending such as the PEMERKASA Plus plan where car buyers will enjoy sales tax exemption until the end of 2021;
ii) acceleration in vaccination will spur economic recovery in 2022;
iii) low interest rate car loans, accommodative financing packages and aggressive promotional campaigns; and
iv) introduction of new models with latest designs and specifications at very competitive prices.

On 17 June 2021, the Energy segment achieved a major milestone as the Indonesian Ministry of Energy and Mineral Resources ("MEMR") has approved the Energy segment's first plan of development ("POD") for the Tanjung Enim production sharing contract ("PSC") under a gross split scheme (referred to as Tanjung Enim POD I) in South Sumatra which will allow the PSC to proceed to field development and surface facility construction. The approval of the Tanjung Enim POD I also represents the first coal bed methane ("CBM") POD in Indonesia. The Tanjung Enim POD I approval covers the development of 209 wells in two target areas, in the north and south of the contract area covering ~33km^2 (or 13% of the total acreage of the Tanjung Enim Gross Split PSC) where the Indonesia Research and Development Center for Oil and Gas Technology ("LEMIGAS") has confirmed and certified reserves totalling ~164.89 Bscf in these areas. With the Tanjung Enim POD I approval, the Energy segment can negotiate commercial terms for gas sales with interested parties.

Moving forward, the Energy segment's overall long-term strategy is to integrate its South Sumatra PSCs, comprised of its Tanjung Enim PSC, Muara Enim PSC, Muralim PSC and Muara Enim II PSC and develop a large scale CBM supply.

B4. Financial Forecast and Profit Guarantee

Not applicable.

B5. Corporate proposals

There were no material corporate proposals announced but not completed within 7 days from the date of issue of this report.

B6. Taxation

The tax expense for the current quarter and financial year are as follows:

	RM'000	RM'000
Income tax expense		
Malaysia - current year	777	2,796
- under provision in prior year	579	579
Overseas - current	801	1,043
	2,157	4,418
Deferred tax expense		
Malaysia - current year	219	1,392
- under provision in prior year	163	163
Overseas – current year	140	140
Total tax expense	2,679	6,113

The effective tax rate of the Group for the current quarter is higher than the statutory tax rate due mainly to underprovision of tax and deferred tax expense in prior periods.

The effective tax rate of the Group for the current year is lower than the statutory tax rate due mainly to the utilisation of tax losses and capital losses against the gain on disposal of gold royalty in the Energy segment.

B7. Borrowings

The Group's borrowings as at 30 June 2021 were all secured. The borrowings denominated in foreign currency and RM as at 30 June 2021 were as follows:

	RM'000
Foreign Currency:	
- IDR85,127,820@ IDR:RM of 3,497:1	24
RM	15,548
Total Group Borrowings	15,573

Foreign currency:
IDR Indonesian Rupiah

B8. Material litigation

There is no material litigation as at the date of this report.

B9. Earnings per share

<u>Basic earnings per share</u>

The basic earnings per share of the Group for the current quarter and current year was computed as follows:

	Current quarter	Current year
Profit attributable to owners of the Company (RM'000)	5,009	20,400
Weighted average number of ordinary shares ('000)	269,087	269,087
Basic earnings per share (sen)	1.861	7.581

<u>Diluted earnings per share</u>
Diluted earnings per share for the current quarter and financial year are not applicable as the exercise price of the Company's warrants of RM0.72 is higher than the market price of the Company's shares as at year end.

B10. Exploration and development expenditure/activities

The exploration assets/expenditure incurred during the year as follow:

	RM'000
Carrying amount	
At 1 July 2020	103,598
Effect of movements in exchange rates	(3,678)
Additions	3,559
At 30 June 2021	103,479

On 17 June 2021, the Energy segment achieved a major milestone as the MEMR has approved the Energy segment's first POD for the Tanjung Enim POD I in South Sumatra which will allow the PSC to proceed to field development and surface facility construction. The Energy segment shall carry out the operations and commercial development of the Tanjung Enim POD 1 singly and exclusively. In addition, the Energy segment together with its partners for Tanjung Enim PSC, PT Pertamina Hulu Energi Metra Enim and PT Bukit Asam Metana Enim has also on 17 June 2021, executed the Amended and Restated Tanjung Enim PSC under a gross split scheme in respect of the Tanjung Enim PSC with the Indonesian Special Task Force for Upstream Oil and Gas Business Activities.

In June 2021, approval of an additional exploration time has been granted by the MEMR for the Muralim Gross Split PSC for a period of 12 months from 8 May 2021. The additional time will be utilised to complete the exploration and production testing activities on MU-005 (twin) well. The Energy segment has successfully completed permeability tests and drilled to the targeted depth of 724 meters in vertical depth, at the MU-005 (Twin) well. Four coal seam formations were discovered between the depth of 547 meters to 669 meters and the Energy segment is currently conducting production tests. The Energy segment will continue to perform a few months of dewatering to determine the gas productivity for future development, to be followed by the submission of an Exploration Status Decision proposal and a POD proposal. To date, there are a total of six wells that have been previously drilled in the Muralim PSC.

B11. Notes to the statement of profit or loss and other comprehensive income

Other than interest income and finance costs, included in the statement of profit or loss and other comprehensive income are the following credits/(charges):

	Current quarter 30.6.2021 RM'000	Preceding year corresponding quarter 30.6.2020 RM'000	Current year 30.6.2021 RM'000	Preceding year 30.6.2020 RM'000
Allowance for inventories obsolescence no longer required	-	107	-	107
Amortisation of customer relationships	(99)	(99)	(395)	(395)
Amortisation of development costs	(9)	(2)	(34)	(3)
Amortisation of government grant	68	106	250	106
Changes in fair value of other investments	(234)	(7)	256	(32)
Dividend income	-	2	-	2
Depreciation	(2,873)	(2,945)	(11,296)	(11,607)
Fair value changes on biological assets	315	230	250	69
Fair value gain on investment property	-	3,194	-	3,194
Foreign exchange gain/(loss)	315	505	(1,403)	(173)
Gain on disposal of joint venture	1,020	-	1,020	-
Gain on disposal of property plant and equipment	2,823	-	2,823	188
Gain on disposal of gold royalty	203	-	22,227	-
Impairment loss on receivables	-	(3,286)	-	(3,286)
Inventories written off	(202)	-	(202)	-
Property, plant and equipment written off	-	-	-	(3)
Provision for warranties (net)	34	595	(44)	479
Rental income	3	3	12	12