



# **GLOBALTEC FORMATION BERHAD**

**(Incorporated in Malaysia)**

**Reg. No. 201101024895 (953031-A)**

## **FOURTH QUARTERLY REPORT FINANCIAL YEAR 2022**

### **HIGHLIGHTS**

- **Group continues to record profits quarter on quarter**
- **Year to date net profit of RM16.6 million**
- **Normalised net profit increased year on year**
- **Cash/Cash equivalent increased to RM81.7 million**
- **Net assets grow to RM269 million**
- **Net assets per share increases to RM1.00**
- **Gearing continues to decrease to 0.04 times**



**Condensed unaudited consolidated statement of profit or loss and other comprehensive income for the financial year ended 30 June 2022**

	Current quarter 30.6.2022 RM'000	Preceding year corresponding quarter 30.6.2021 RM'000	Current year 30.6.2022 RM'000	Preceding year 30.6.2021 RM'000
<b>Revenue</b>	48,890	37,834	184,275	161,116
Cost of sales	(35,033)	(28,296)	(133,205)	(122,935)
<b>Gross profit</b>	13,857	9,538	51,070	38,181
Other operating expenses	(7,368)	(6,710)	(31,969)	(30,195)
Other operating income	1,582	5,212	3,644	27,580
<b>Results from operating activities</b>	8,071	8,040	22,745	35,566
Finance income	122	264	483	915
Finance costs	(121)	(172)	(776)	(882)
<b>Profit before tax</b>	8,072	8,132	22,452	35,599
Tax expense	(2,822)	(2,679)	(6,583)	(6,113)
<b>Profit for the period</b>	5,250	5,453	15,869	29,486
<b>Other comprehensive income/(expense), net of tax</b>				
Foreign currency translation differences for foreign operations	4,751	(433)	6,464	(4,200)
<b>Total comprehensive income for the period</b>	10,001	5,020	22,333	25,286
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company	4,809	5,009	16,570	20,400
Non-controlling interests	441	444	(701)	9,086
<b>Profit for the period</b>	5,250	5,453	15,869	29,486
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	8,131	4,828	21,442	17,205
Non-controlling interests	1,870	192	891	8,081
<b>Total comprehensive income for the period</b>	10,001	5,020	22,333	25,286
Basic earnings per ordinary share (sen)	1.787	1.861	6.157	7.581
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 2021)



## Condensed unaudited consolidated statement of financial position as at 30 June 2022

	<b>As at 30.6.2022 RM'000</b>	<b>Audited 30.6.2021 RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	61,431	62,901
Right-of-use assets	30,388	32,238
Exploration and evaluation assets	114,553	103,479
Other investments	53	53
Other financial assets	2,177	2,151
Investment property	13,605	13,605
Intangible assets	26,588	27,016
<b>Total non-current assets</b>	<u>248,795</u>	<u>241,443</u>
<b>Current assets</b>		
Biological assets	1,397	491
Receivables, deposits and prepayments	28,035	23,262
Inventories	34,783	30,987
Contract assets	6,939	4,504
Other investments	2,915	15,071
Current tax assets	791	1,471
Cash and cash equivalents	81,743	72,973
<b>Total current assets</b>	<u>156,603</u>	<u>148,759</u>
<b>TOTAL ASSETS</b>	<u>405,398</u>	<u>390,202</u>
<b>Equity attributable to owners of the Company</b>		
Share capital	643,671	643,647
Business combination deficit	(157,064)	(157,064)
Reserves	(217,439)	(230,808)
	<u>269,168</u>	<u>255,775</u>
Non-controlling interests	45,731	44,840
<b>Total equity</b>	<u>314,899</u>	<u>300,615</u>
<b>Long term and deferred liabilities</b>		
Borrowings	1,646	2,627
Lease liabilities	309	822
Deferred income	1,602	1,873
Deferred tax liabilities	9,989	8,274
<b>Total long term and deferred liabilities</b>	<u>13,546</u>	<u>13,596</u>
<b>Current liabilities</b>		
Payables and accruals	39,842	36,121
Lease liabilities	654	1,147
Tax liabilities	1,963	1,954
Deferred income	271	271
Provisions	27,200	25,521
Borrowings	7,023	10,977
<b>Total current liabilities</b>	<u>76,953</u>	<u>75,991</u>
<b>Total liabilities</b>	<u>90,499</u>	<u>89,587</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>405,398</u>	<u>390,202</u>
Net assets per share attributable to owners of the Company (RM)	1.000	0.951

(The condensed unaudited consolidated statement of financial position should be read in conjunction with the Annual Report for the year ended 30 June 2021)

**Condensed unaudited consolidated statement of changes in equity for the financial year ended 30 June 2022**

	← Attributable to owners of the Company →							Total equity RM'000
	Share capital	Foreign currency translation reserve	Fair value adjustment reserve	Business combination deficit	Accumulated losses	Total	Non-controlling interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 July 2021</b>	643,647	(844)	(44,479)	(157,064)	(185,485)	255,775	44,840	300,615
Total comprehensive income for the period	-	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	-	-	-	-	(8,073)	(8,073)	-	(8,073)
<b>At 30 June 2022</b>	643,671	4,028	(44,479)	(157,064)	(176,988)	269,168	45,731	314,899

	← Attributable to owners of the Company →							Total equity RM'000
	Share capital	Foreign currency translation reserve	Fair value adjustment reserve	Business combination deficit	Accumulated losses	Total	Non-controlling interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 July 2020</b>	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
<b>At 30 June 2021</b>	643,647	(844)	(44,479)	(157,064)	(185,485)	255,775	44,840	300,615

(The condensed unaudited consolidated statement of changes in equity should be read in conjunction with the Annual Report for the year ended 30 June 2021)

**Condensed unaudited consolidated statement of cash flows for the financial year ended 30 June 2022**

	<b>Current year</b>	<b>Preceding year</b>
	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	22,452	35,599
Adjustments for:		
Amortisation of customer relationships	395	395
Amortisation of development costs	34	34
Amortisation of government grant	(271)	(250)
Changes in fair value of other investments	2,420	(257)
Changes in lease payments arising from rent concessions	-	(28)
Depreciation	10,303	11,591
Fair value changes on biological assets	(906)	(250)
Finance costs	776	882
Finance income	(483)	(915)
Gain on disposal of gold royalty	-	(22,227)
Gain on disposal of joint venture	-	(1,020)
Gain on disposal of property, plant and equipment	(57)	(2,857)
Inventories written-down to net realisable value	-	83
Inventories written off	-	368
Property, plant and equipment written off	18	20
Provision for warranties (net)	81	45
Reversal of inventories written down	-	(57)
Unrealised foreign exchange (gain)/loss	(925)	954
Operating profit before working capital changes	33,837	22,110
Changes in working capital:		
Contract assets	(3,287)	870
Inventories	(3,394)	(7,763)
Payables and accruals	823	6,185
Receivables, deposits and prepayments	(3,136)	(5,977)
Cash generated from operations	24,843	15,425
Warranties paid	(80)	(85)
Taxation paid (net)	(4,188)	(2,482)
<b>Net cash generated from operating activities</b>	<b>20,575</b>	<b>12,858</b>



**Condensed unaudited consolidated statement of cash flows for the financial year ended 30 June 2022**  
(continued)

	<b>Current year</b>	<b>Preceding year</b>
	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from investing activities</b>		
Exploration and evaluation expenditure incurred	(3,674)	(3,559)
Interest received	483	915
Proceeds from disposal of gold royalty	-	5,737
Proceeds from disposal of other investments	9,931	2,622
Proceeds from disposal of property, plant and equipment	56	8,050
Purchase of property, plant and equipment	(6,492)	(3,457)
Withdrawal of long tenure fixed deposits	-	3,000
<b>Net cash generated from investing activities</b>	<b>304</b>	<b>13,308</b>
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders	(8,073)	-
Interest paid	(776)	(882)
Proceeds from conversion of Company's warrants	24	-
Receipt of government grant	-	905
Repayment of bank borrowings – net	(6,120)	(5,007)
<b>Net cash used in financing activities</b>	<b>(14,945)</b>	<b>(4,984)</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,934</b>	<b>21,182</b>
Cash and cash equivalents at beginning of year	72,973	52,713
Effect of foreign exchange fluctuation on cash and cash equivalents	2,836	(922)
<b>Cash and cash equivalents at end of year</b>	<b>81,743</b>	<b>72,973</b>
	<b>As at</b>	<b>As at</b>
	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	46,959	29,037
Short term placement funds	13,218	4,902
Deposits with licensed banks	21,566	39,034
	<b>81,743</b>	<b>72,973</b>

(The condensed unaudited consolidated statement of cash flows should be read in conjunction with the Annual Report for the year ended 30 June 2021)

## **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 2021.

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 2022***

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

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- 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 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 and Amendments to MFRS 17, which are 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 year and prior year 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 2022.

### **A7. Dividends**

The Company has on 26 November 2021, paid a dividend of 3 sen per share, totalling RM8.1 million, in respect of the financial year ended 30 June 2021.

The Board has on 25 August 2022 declared a dividend of 1.8 sen per share, in respect of the financial year ended 30 June 2022.

### **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 2022 were as follows:

	<b>RM'000</b>
In respect of:	
- Property, plant and equipment	161
- Exploration expenditure	2,107
Total	<u>2,268</u>



### A11. Contingent liabilities/assets

As at 30 June 2022, the Company had executed corporate guarantees in favour of licensed financial institutions of up to a limit of RM27.7 million for credit facilities granted to subsidiaries. Out of the total banking facilities secured by corporate guarantees by the Company, a total of RM8.0 million was outstanding at the year end.

### A12. Debt and equity securities

Save as disclosed below, 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 2022.

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM643,646,723 to RM643,670,746, comprising 269,120,259 ordinary shares in the Company, by way of issuance of 33,364 new ordinary shares pursuant to the exercise and conversion of 33,364 of the Company's warrants at the exercise price of RM0.72 per warrant. The net proceeds arising from the above exercise of the Company Warrants was RM24,022. The remaining 67,238,359 Company's warrants has since expired on 17 December 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 2022 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
<b>Segment revenue</b>						
Revenue from external customers	171,739	-	12,536	-	-	184,275
Inter-segment revenue	-	-	-	8,540	(8,540)	-
Total revenue	<u>171,739</u>	<u>-</u>	<u>12,536</u>	<u>8,540</u>	<u>-</u>	<u>184,275</u>
<b>Segment profit/(loss)</b>	<u>22,398</u>	<u>(3,968)</u>	<u>5,323</u>	<u>(1,979)</u>	<u>678</u>	<u>22,452</u>
<b>Segment assets</b>	189,115	129,587	46,458	77,336	(63,620)	378,876
Customer relationships						4,341
Goodwill on consolidation						22,181
Consolidated total assets						<u>405,398</u>

**OTHER NOTES PURSUANT TO BURSA MALAYSIA’S MAIN MARKET LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A**

**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 unconventional gas i.e., coal bed methane (“CBM”) but has not commenced commercial production yet.

**Year on Year**

	<b>Current quarter 30.6.2022 RM’000</b>	<b>Preceding year corresponding quarter 30.6.2021 RM’000</b>	<b>Current year 30.6.2022 RM’000</b>	<b>Preceding year 30.6.2021 RM’000</b>
Net profit of the Group	4,809	5,009	16,570	20,400
Less:				
- Group’s effective share of gain on disposal of gold royalty	-	-	-	(11,498)
- Gain on disposal of joint-venture	-	(1,020)	-	(1,020)
- Gain on disposal of factory building	-	(2,219)	-	(2,219)
Normalised net profit of the Group	4,809	1,770	16,570	5,672

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

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

The IMS segment’s normalised net profit doubled from RM9.1 million to RM18.6 million, contributed mainly by the PMST division which chalked up an increase of RM9.1 million to record a net profit of RM17.7 million for FY2022. This increase was attributable to the PMST division’s higher revenue, better product mix and foreign exchange gains. On a normalised basis, despite the decline in its revenue, the Automotive division’s normalised net profit increased from RM0.6 million in FY2021 to RM0.9 million for FY2022, due mainly to better cost management. Comparing FY2022

with FY2021, due mainly to the higher revenue, the Resources segment registered a turnaround from a net loss of RM1.2 million to a net profit of RM2.4 million.

### **Current Quarter vs Preceding Year Corresponding Quarter**

The Group's revenue for the current quarter increased from RM37.8 million in the preceding year corresponding quarter to RM48.9 million, on the back of all the operating segments recording a growth in their revenue. The revenue from IMS segment moved up RM9.8 million, from RM35.3 million to RM45.1 million underpinned by an increase of RM4.4 million and RM5.4 million, in the revenue contribution from the PMST and Automotive division respectively, attributable to improving overall demand. In addition, the surge in demand in June 2022 to purchase automotive vehicles in Malaysia before the expiry of the sales and service tax ("SST") exemption by end of June 2022 as well as the allowance by the Government for buyers to enjoy the SST exemption, as long as their cars which are booked by 30 June 2022, are registered by 31 March 2023 had augured well for the Automotive division. The Resources segment's revenue increased by RM1.2 million from RM2.6 million in the preceding year corresponding quarter to RM3.8 million due mainly to an increase in FFB prices but was offset by a marginal decrease in FFB production.

In the preceding year corresponding quarter, the Automotive division recognised the abovementioned gain on disposal of its joint-venture of RM1.0 million and gain on disposal of its factory buildings of RM2.2 million. Excluding these items, as depicted in the table above, the Group's net profit grew from RM1.8 million in the preceding year corresponding quarter to RM4.8 million for the current quarter, due mainly to an increase in the Group's revenue.

On a normalised basis, the IMS segment registered a four-fold increase of RM3.8 million in its net profit to RM4.8 million for the current quarter. The PMST division, in line with its increase in its revenue, better product mix and foreign exchange gains, recorded an increase of RM3.0 million in its net profit from RM1.4 million in the preceding year corresponding quarter to RM4.4 million for the current quarter. In tandem with the increase in its revenue, the Automotive division, on a normalised basis recorded a turnaround from net loss of RM0.4 million to a net profit of RM0.4 million for the current quarter. In tandem with its higher revenue, the Resources segment's net profits increased from RM0.7 million to RM0.9 million.

### **Financial position analysis**

As at 30 June 2022, the Group's cash and cash equivalents increased by RM8.7 million to RM81.7 million (30 June 2021: RM73.0 million). The Group's net operating cash inflow increased to RM20.6 million from RM12.9 million year on year. Comparing as at 30 June 2022 with as at 30 June 2021, the Group's net assets per share has increased from RM0.95 to RM1.00 whilst the gearing continues to decrease from 0.06 times to 0.04 times. Current ratio of the Group improved from 1.96 times to 2.04 times.

### **B2. Material changes from the preceding quarter**

Comparing quarter on quarter, the Group's revenue increased from RM47.6 million to RM48.9 million due to both the IMS and Resources segment recording an increase in their revenue of RM0.4 million and RM0.9 million respectively. The increase in IMS segment's revenue was attributable to the increase in the Automotive division's revenue whereas the PMST division's revenue was relatively flat. The Automotive division recorded an increase in its revenue of RM0.6 million due to an increase in demand, as a result of the surge to purchase automotive vehicles before the expiry of the SST exemption as mentioned above. The Resources segment's revenue increased from RM2.9 million to RM3.8 million due mainly to an increase in both FFB production and FFB price.

The Group's net profit decreased marginally from RM5.2 million to RM4.8 million quarter on quarter, due to a lower profit contribution of RM0.6 million from the IMS segment. The PMST division's net profit reduced from RM5.6 million to RM4.4 million due mainly to a higher tax expense recorded. Whereas, the Automotive division's results improved from a net loss of RM0.2 million to register a net profit of RM0.4 million, on the back of its higher revenue. The Resources

segment registered an increase in its net profit contribution by about RM0.6 million aided by its higher revenue.

### **B3. Prospects**

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

Taking cognisance of the above, the Group's businesses remain vigilant of its costs and sustainability whilst adhering to all the necessary standard operating procedures to mitigate the impact of the Covid-19 pandemic.

On a positive note, demand from new projects is fast growing and the PMST division will continue to gradually increase its capacity and revenue over time from its new 56,000 square feet facility in Bukit Minyak, Penang.

Although the vehicle sales tax exemption has ended on 30 June 2022, buyers who booked their vehicles during the tax holiday period have until 31 March 2023, to register their vehicles with the Road Transport Department of Malaysia. Hence, prospects for the Automotive division remain positive as the many vehicles booked during the tax holiday period but delivered or will be delivered after 30 June 2022, so long as before 31 March 2023, is entitled to the sales tax exemption. Premised on the improving economy, the global supply chain and chip supply improvement, new innovative models launch and competitive pricing is expected to continue to drive the demand for automotive sales.

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 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<sup>2</sup> (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. Borrowings**

The Group's borrowings as at 30 June 2022 were all secured. The borrowings denominated in foreign currency and RM as at 30 June 2022 were as follows:

	<b>RM'000</b>
Foreign Currency:	
- IDR568,977,601 @ IDR:RM of 3,378:1	168
RM	<u>9,464</u>
Total Group Borrowings	<u>9,632</u>

**B7. Taxation**

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

	<b>Current quarter 30.6.2022 RM'000</b>	<b>Financial year 30.6.2022 RM'000</b>
<b>Income tax expense</b>		
Malaysia - current year	1,024	4,541
- under/(over) provision in prior year	108	(1,194)
Overseas - current	<u>494</u>	<u>1,313</u>
	1,626	4,660
<b>Deferred tax expense</b>		
Malaysia - current year	1,194	1,779
Overseas – current year	<u>2</u>	<u>144</u>
Total tax expense	<u>2,822</u>	<u>6,583</u>

The effective tax rate of the Group for the current quarter and current year is higher than the statutory tax rate due mainly to the losses incurred by the Energy and Investment Holding segment.

**B8. Material litigation**

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

**B9. Earnings per share**
Basic earnings per share

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

	<b>Current quarter</b>	<b>Current year</b>
Profit attributable to owners of the Company (RM'000)	4,809	16,570
Weighted average number of ordinary shares ('000)	<u>269,120</u>	<u>269,105</u>
Basic earnings per share (sen)	<u>1.787</u>	<u>6.157</u>

Diluted earnings per share

Diluted earnings per share for the current quarter and financial year are not applicable as there are no dilutive instruments as at year end.

## B10. Exploration and development expenditure/activities

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

	RM'000
<b>Carrying amount</b>	
At 1 July 2021	103,479
Effect of movements in exchange rates	7,400
Additions	<u>3,674</u>
At 30 June 2022	<u>114,553</u>

During the financial year, the Energy segment continues to focus on executing its Tanjung Enim POD I with discussions carried out with several other parties which includes the Indonesian Special Task Force for Upstream Oil and Gas Business Activities (“SKK Migas”), MEMR, a gas gathering facility provider and potential gas buyers. In addition, the Energy segment is also progressing on the necessary environmental impact studies as required under the POD I. The detailed framework and scope of the environmental impact studies which has been discussed and agreed between the appointed consultant and the regulatory authority/commission had been submitted to the Ministry of Forest and Environment of Indonesia. Stakeholders’ engagement comprising mainly villagers in the vicinity of the POD I area, and local government bodies, in respect of environmental impact studies on their lives and livelihoods have already been completed. In addition, field samples of the environment around the POD I area have been collected and Energy segment’s appointed consultant is in the midst of preparing the technical report related to pollution control in respect of air, water and emissions for the area under the POD I. Also, the Energy segment has received the Seller Appointment Letter from SKK Migas that formally authorises and appoints the Energy segment to sell CBM produced from the Tanjung Enim PSC on SKK Migas’s behalf. The Energy segment has also received technical proposals from shortlisted engineering companies for the front-end engineering design (“FEED”) studies for its POD I. The FEED study is expected to commence in the second half of 2022.

The dewatering process at the Muralim PSC was temporarily suspended since the quarter ended 30 September 2021, pending the necessary permit being issued by Ministry of Environment of Indonesia, based on the latest revised environmental regulation issued in September 2021. The Energy segment has subsequently obtained the environmental permit in January 2022. With the approval, the Energy segment is now able to continue its dewatering process to determine the gas productivity for future development. However, due to COVID-19 lockdowns imposed in the supplier’s country, the Energy segment has only in end June received the necessary equipment to recommence the dewatering process. On 1 August 2022, MEMR via SKK Migas has approved an additional exploration period until 18 July 2023.

## B11. Status of memorandum of understanding

The Company had on 29 March 2022, entered into a memorandum of understanding (“MOU”) with Sabah Oil & Gas Development Corporation Sdn Bhd (“SOGDC”) and Sisma Energy Sdn Bhd to discuss and collaborate for the purpose of the development of gas facilities and infrastructure on certain parcels of land belonging to SOGDC, located at Sipitang Oil and Gas Industrial Park in Megalong, district of Sipitang, Sabah. In accordance to the MOU, GFB is to supply gas to the project. Discussions are still ongoing as at the date of this report.

## B12. 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):

	<b>Current quarter 30.6.2022 RM'000</b>	<b>Preceding year corresponding quarter 30.6.2021 RM'000</b>	<b>Current year 30.6.2022 RM'000</b>	<b>Preceding year 30.6.2021 RM'000</b>
Amortisation of customer relationships	(99)	(99)	(395)	(395)
Amortisation of development costs	(9)	(9)	(34)	(34)
Amortisation of government grant	68	68	271	250
Changes in fair value of other investments	(727)	(233)	(2,420)	257
Depreciation	(2,532)	(3,168)	(10,303)	(11,591)
Fair value changes on biological assets	41	315	906	250
Foreign exchange gain/(loss)	1,763	427	1,608	(1,292)
Gain on disposal of gold royalty	-	203	-	22,227
Gain on disposal of property plant and equipment	-	2,857	57	2,857
Gain on disposal of joint venture	-	1,020	-	1,020
Inventories written down to net realisable value	-	(83)	-	(83)
Inventories written off	-	(368)	-	(368)
Property, plant and equipment written off	-	(20)	(18)	(20)
Provision for warranties (net)	(29)	33	(81)	(45)
Reversal of inventories written down	-	57	-	57
Rental income	3	3	12	12