GLOBALTEC FORMATION BERHAD

(Incorporated in Malaysia)

Reg. No. 201101024895 (953031-A)

FOURTH QUARTERLY REPORT
FINANCIAL YEAR 2024

HIGHLIGHTS

- **The Group registers net profit of RM2.4 million and RM7.5 million for the current quarter and current year respectively**

- **The Group's net profit resiliently grew despite decline in revenue for current quarter vis-à-vis previous quarter**

- **Dividend per share of 0.7 sen declared, marking 4 consecutive years of dividend**

- **Cash/Cash equivalents increased to RM84.8 million from last financial year end**

- **Net operating cash inflow doubles to RM30 million year on year**

- **Net assets per share increased to RM1.046**

- **Gearing increased from 0.04 times to 0.08 times**

Condensed unaudited consolidated statement of profit or loss and other comprehensive income for the financial year ended 30 June 2024

	Current quarter	Preceding year corresponding quarter	Current year	Preceding year
	30.6.2024	**30.6.2023**	**30.6.2024**	**30.6.2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	46,085	49,439	190,038	211,040
Cost of sales	(35,531)	(37,629)	(149,888)	(163,555)
Gross profit	10,554	11,810	40,150	47,485
Other operating expenses	(7,405)	(10,339)	(32,107)	(36,874)
Other operating income	451	436	1,366	2,635
Results from operating activities	3,600	1,907	9,409	13,246
Finance income	497	491	1,473	871
Finance costs	(149)	(183)	(943)	(770)
Share of profit/(loss) of associate	(570)	(160)	(6)	81
Profit before tax	3,378	2,055	9,933	13,428
Tax expense	(1,214)	(170)	(3,452)	(4,030)
Profit for the period	2,164	1,885	6,481	9,398
Other comprehensive (expense)/income, net of tax				
Foreign currency translation differences for foreign operations	(2,839)	8,343	(4,256)	8,157
Total comprehensive (expense)/income for the period	(675)	10,228	2,225	17,555
Profit/(Loss) attributable to:				
Owners of the Company	2,432	2,357	7,462	10,166
Non-controlling interests	(268)	(472)	(981)	(768)
Profit for the period	2,164	1,885	6,481	9,398
Total comprehensive (expense) /income attributable to:				
Owners of the Company	15	9,391	3,235	16,924
Non-controlling interests	(690)	837	(1,010)	631
Total comprehensive (expense)/income for the period	(675)	10,228	2,225	17,555
Basic earnings per ordinary share (sen)	0.904	0.876	2.773	3.778
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 2023)

Condensed unaudited consolidated statement of financial position as at 30 June 2024

	As at 30.6.2024 RM'000	Audited 30.6.2023 RM'000
Non-current assets		
Property, plant and equipment	61,666	64,366
Right-of-use assets	31,376	34,271
Exploration and evaluation assets	131,033	125,721
Other investments	53	53
Other financial assets	1,320	1,939
Investment property	13,605	13,605
Intangible assets	25,821	26,239
Investment in associate	20,076	20,081
Total non-current assets	284,950	286,275
Current assets		
Biological assets	225	282
Receivables, deposits and prepayments	27,769	31,653
Inventories	25,061	38,935
Contract assets	2,794	4,966
Other investments	814	2,493
Current tax assets	1,821	2,108
Cash and cash equivalents	84,764	57,355
Total current assets	143,248	137,792
TOTAL ASSETS	428,198	424,067
Equity attributable to owners of the Company		
Share capital	643,671	643,671
Business combination deficit	(157,064)	(157,064)
Reserves	(205,084)	(205,359)
	281,523	281,248
Non-controlling interests	44,816	45,912
Total equity	326,339	327,160
Long term and deferred liabilities		
Borrowings	12,316	572
Lease liabilities	2,225	3,017
Deferred income	2,282	2,713
Deferred tax liabilities	10,176	10,881
Total long term and deferred liabilities	26,999	17,183
Current liabilities		
Payables and accruals	38,422	43,572
Lease liabilities	1,498	2,268
Tax liabilities	176	231
Deferred income	431	431
Provisions	28,932	28,718
Borrowings	5,401	4,504
Total current liabilities	74,860	79,724
Total liabilities	101,859	96,907
TOTAL EQUITY AND LIABILITIES	428,198	424,067
Net assets per share attributable to owners of the Company (RM)	1.046	1.045

(The condensed unaudited consolidated statement of financial position should be read in conjunction with the Annual Report for the year ended 30 June 2023)

Condensed unaudited consolidated statement of changes in equity for the financial year ended 30 June 2024

	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 2023	643,671	10,786	(44,479)	(157,064)	(171,666)	281,248	45,912	327,160
Total comprehensive (expense)/income for the year	-	(4,227)	-	-	7,462	3,235	(1,010)	2,225
Dividend paid to owners of the Company	-	-	-	-	(2,960)	(2,960)	-	(2,960)
Dividend paid to non-controlling interest by a subsidiary	-	-	-	-	-	-	(86)	(86)
At 30 June 2024	643,671	6,559	(44,479)	(157,064)	(167,164)	281,523	44,816	326,339

	Attributable to owners of the Company							
	Share capital	Foreign currency	Fair value adjustment	Business combination	Accumulated losses	Total	Non-controlling	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2022	643,671	4,028	(44,479)	(157,064)	(176,988)	269,168	45,731	314,899
Total comprehensive income for the year	-	6,758	-	-	10,166	16,924	631	17,555
Dividend paid to owners of the Company	-	-	-	-	(4,844)	(4,844)	-	(4,844)
Dividend paid to Non-controlling interest by subsidiaries	-	-	-	-	-	-	(450)	(450)
At 30 June 2023	643,671	10,786	(44,479)	(157,064)	(171,666)	281,248	45,912	327,160

(The condensed unaudited consolidated statement of changes in equity should be read in conjunction with the Annual Report for the year ended 30 June 2023)

Condensed unaudited consolidated statement of cash flows for the financial year ended 30 June 2024

	Current year 30.6.2024 RM'000	Preceding year 30.6.2023 RM'000
Cash flows from operating activities		
Profit before tax	9,933	13,428
Amortisation of customer relationships	395	395
Amortisation of development costs	60	34
Amortisation of government grant	(431)	(325)
Bearer plants written off	909	664
Changes in fair value of other investments	541	453
Dividend income	(3)	-
Depreciation	10,183	9,900
Fair value changes on biological assets	57	1,116
Finance costs	943	770
Finance income	(1,473)	(871)
Gain on disposal of property, plant and equipment	(259)	(301)
Inventories written off	-	321
Property, plant and equipment written off	-	11
Provision for warranties (net)	49	39
Reversal of inventories written down	-	(251)
Share of profit of associate	6	(81)
Unrealised foreign exchange loss	(616)	(1,003)
Operating profit before working capital changes	20,294	24,299
Changes in working capital:		
Contract assets	2,173	1,973
Inventories	13,055	(3,551)
Payables and accruals	(6,463)	714
Receivables, deposits and prepayments	5,024	(1,477)
Cash generated from operations	34,083	21,958
Warranties paid	(51)	(105)
Taxation paid (net)	(3,871)	(6,224)
Net cash generated from operating activities	30,161	15,503

Condensed unaudited consolidated statement of cash flows for the financial year ended 30 June 2024 (continued)

	Current year 30.6.2024 RM'000	Preceding year 30.6.2023 RM'000
Cash flows from investing activities		
Development costs paid	(36)	(80)
Dividend received	3	-
Exploration and evaluation expenditure incurred	(4,399)	(4,125)
Interest received	1,473	871
Proceeds from disposal of other investments	1,134	-
Proceeds from disposal of property, plant and equipment	263	301
Purchase of property, plant and equipment	(5,977)	(10,749)
Subscription of an associate	-	(20,000)
Net cash used in investing activities	(7,539)	(33,782)
Cash flows from financing activities		
Dividends paid to shareholders	(2,960)	(4,844)
Dividends paid to non-controlling interest	(86)	(450)
Interest paid	(943)	(770)
Receipt of government grant	-	1,596
Proceeds from/(repayment) of bank borrowings – net	10,633	(5,363)
Net cash generated from/(used in) financing activities	6,644	(9,831)
Net increase/(decrease) in cash and cash equivalents	29,266	(28,110)
Cash and cash equivalents at beginning of year	57,355	81,742
Effect of foreign exchange fluctuation on cash and cash equivalents	(1,857)	3,723
Cash and cash equivalents at end of year	84,764	57,355

	As at 30.6.2024 RM'000	As at 30.6.2023 RM'000
Cash and bank balances	28,347	27,349
Short term placement funds	46,843	19,269
Deposits with licensed banks	9,574	10,737
	84,764	57,355

(The condensed unaudited consolidated statement of cash flows should be read in conjunction with the Annual Report for the year ended 30 June 2023)

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. Material 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 2023.

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 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 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

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, where applicable:

- from the annual period beginning on 1 July 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024; and

- from the annual period beginning on 1 July 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 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 2024.

A7. Dividends

The Company has on 20 November 2023, paid a dividend of 1.1 sen per share, totalling RM2.96 million, in respect of the previous financial year ended 30 June 2023.

The Board has on 28 August 2024 declared a dividend of 0.7 sen per share, in respect of the financial year ended 30 June 2024.

A8. Material events subsequent to the year end

Save as disclosed below, there were no material events subsequent to the financial year end.

As announced by the Company on 26 August 2024, the Energy segment, as represented by NuEnergy Gas Limited ("NuEnergy"), a 65% subsidiary of the Company listed on the Australia Securities Exchange is undertaking a partially underwritten renounceable pro-rata entitlement offer ("NuEnergy Entitlement Offer"). The NuEnergy Entitlement Offer entails NuEnergy undertaking a partially underwritten renounceable pro-rata entitlement offer of up to 409,000,000 new shares in NuEnergy ("NuEnergy New Shares") on the basis of 8 NuEnergy New Share for every 29 shares held in NuEnergy on 29 August 2024 at an issue price of AUD0.02 for each NuEnergy New Share. The NuEnergy Entitlement Offer is currently pending completion.

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 2024 were as follows:

	RM'000
In respect of:	
- Property, plant and equipment	2,831
- Exploration and development	5,088
Total	7,919

A11. Contingent liabilities/assets

As at 30 June 2024, the Company had executed corporate guarantees in favour of licensed financial institutions of up to a limit of RM20.7 million (30 June 2023: RM22.7 million) for credit facilities granted to subsidiaries. Out of the total banking facilities secured by corporate guarantees by the Company, a total of RM2.7 million (30 June 2023: RM4.8 million) was outstanding at the year end.

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 2024.

A13. Segmental information

Analysis by business segments being the primary basis of the Group's segmental reporting for the financial year ended 30 June 2024 is as follows:

	Integrated manufacturin 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	182,282	-	7,756	-	-	190,038
Inter-segment revenue	-	-	-	7,382	(7,382)	-
Total revenue	182,282	-	7,756	7,382		190,038
Segment profit/(loss)	14,308	(2,303)	(722)	(2,895)	1,551	9,939
Share of profit of associate						(6)
Consolidated profit before tax						9,933
Segment assets	201,305	133,017	38,520	87,866	(78,319)	382,389
Investment in associate						20,076
Customer relationships						3,552
Goodwill on consolidation						22,181
Consolidated total assets						428,198

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 division"); and
ii) automotive components design and manufacturing ("Automotive division").

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. The associate is involved in the food and beverage retail industry.

	Financial year ended 30 June			
	Revenue		Net profit/(loss)	
Segment/Division	**2024 RM'000**	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
PMST	104,175	121,278	10,022	15,020
Automotive	78,107	81,087	996	2,267
IMS	182,282	202,365	11,018	17,287
Resources	7,756	8,675	(844)	(2,211)
Energy	-	-	(1,052)	(1,744)
Investment holding	-	-	(3,205)	(3,206)
Associate	-	-	(6)	81
Consolidation adjustments	-	-	1,551	(41)
Total	**190,038**	**211,040**	**7,462**	**10,166**

The Group's revenue for the current financial year ("FY") decreased by RM21 million versus the preceding FY due to a decrease registered by all operating divisions. Revenue from PMST division declined by RM17.1 million, underpinned by weak demand caused by macroeconomic headwinds, especially semiconductor market cyclical downturn and also overstocking by customers in prior financial years. The decrease of RM3.4 million in Automotive division's revenue was mainly due to the 'end of life' for a certain car model since the second quarter of this current FY. The revenue from the Resources segment decreased RM0.9 million, as a result of a decrease in both the average FFB selling prices and FFB production.

In tandem with the decline in revenue, the Group's net profit decreased by RM2.6 million, from RM10.1 million in the previous FY to RM7.5 million in the current FY. This was attributable to a decline in the net profit of all the IMS division. PMST's net profit dropped RM5 million due mainly to lower revenue, lower foreign exchange gains and higher tax expense relative to the preceding FY. Whereas, the Automotive division registered a decrease in net profit of RM1.3 million, due mainly to its lower revenue and higher tax expense as a result of exhaustion of unabsorbed tax losses and capital allowances.

The decrease in net profit of the IMS division was offset partially mainly by the Resources segment's lower net losses. The Resources segment's net loss narrowed from RM2.2 million to RM0.8 million, despite a decline in its revenue, due mainly to lower fair value loss on biological assets.

	Quarter ended 30 June			
	Revenue		Net profit/(loss)	
Segment/Division	**2024 RM'000**	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
PMST	26,601	29,133	2,937	5,544
Automotive	17,182	18,103	(254)	247
IMS	43,783	47,236	2,683	5,791
Resources	2,302	2,203	238	(1,013)
Energy	-	-	94	(830)
Investment holding	-	-	(575)	(1,015)
Associate	-	-	(570)	(160)
Consolidation adjustments	-	-	562	(416)
Total	46,085	49,439	2,432	2,357

Comparing current quarter with preceding year corresponding quarter, the Group's revenue decreased by RM3.4 million due to a decrease in the revenue generated from the PMST and Automotive divisions. PMST's decline in revenue of RM2.5 million was underpinned by overall weak demand, tightening in lending criteria and higher interest costs affecting the automotive industry in Indonesia. Whereas Automotive division recorded a decline of RM1.3 million mainly in part due to the 'end of life' for a certain car model mentioned above. The above decrease was offset partially by a marginal increase in the revenue of RM99,000, from the Resources segment, as a result of an increase in average FFB price but offset partially by decrease in FFB production.

Despite the decline in revenue for the current quarter versus the preceding year corresponding quarter, the Group's net profit was consistent at RM2.4 million. In line with the decline in revenue, the PMST and Automotive division registered lower net profits. In addition, both PMST and Automotive divisions incurred higher tax expense in the current quarter. Further, the share of loss from associate increased due higher material costs and operating expenses. This decline was offset partially by the Resources segment recording a positive turnaround from net loss of RM1 million to a net profit of RM0.2 million due to its higher revenue. In addition, in the preceding year corresponding quarter, the Resources segment incurred bearer plants written off, in line with its ongoing replanting program of RM0.7 million and fair value loss on biological assets of RM0.2 million. The net loss from the Energy segment also narrowed attributable to a lower fair value loss on other investments and lower administrative expenses and higher foreign exchange gain.

The Group's cash and cash equivalents increased 32% or RM27.4 million from RM57.4 million as at 30 June 2023 to RM84.8 million as at 30 June 2024, underpinned by operating cash inflows for the current year which almost doubled, to RM30.2 million from RM15.5 million recorded for the prior FY and a net drawdown of bank borrowings of RM10.6 million during the current FY. Comparing as at 30 June 2024 with as at 30 June 2023, the Group's net assets and net assets per share has increased marginally due mainly to the net profit for the current FY of RM7.5 million counterweighed partially by the dividend paid to shareholders of RM3 million and foreign exchange translation losses of RM4.2 million. The Group's gearing increased from 0.04 times to 0.08 times as a result of the net drawdown in bank borrowings mentioned earlier.

B2. Material changes from the preceding quarter

	Quarter ended			
	Revenue		**Net profit/(loss)**	
Segment/Division	**30 June 2024 RM'000**	**31 March 2024 RM'000**	**30 June 2024 RM'000**	**31 March 2024 RM'000**
PMST	26,601	26,533	2,937	2,936
Automotive	17,182	18,657	(254)	170
IMS	43,783	45,190	2,683	3,106
Resources	2,302	1,380	238	(438)
Energy	-	-	94	(620)
Investment holding	-	-	(575)	(1,282)
Associate	-	-	(570)	40
Consolidation adjustments	-	-	562	517
Total	46,085	46,570	2,432	1,323

Quarter on quarter, revenue of the Group decreased marginally by RM0.5 million. This was mainly due to a decrease in the revenue from the Automotive division as a result of longer periods of shutdown by its major customers in view of major festivities during the current quarter. The above decrease was offset partially by an increase in the Resources segment, attributable to higher average FFB prices and higher FFB production.

Despite the decline in revenue, the Group's net profit for the current quarter grew from RM1.3 million in the previous quarter to RM2.4 million, underpinned by the Resources segment recording a positive turnaround from net loss of RM0.4 million to a net profit of RM0.2 million due to mainly to its higher revenue. In addition, the Energy segment's results improved by RM0.7 million as a result of lower fair value loss on other investment and higher foreign exchange gain. This increase was partially offset by the decrease in net profit from the Automotive division, which registered lower net profits in line with its lower revenue and higher tax expenses. In addition, the Group registered a share of loss vis-à-vis a share of profit from associate due to higher material and operating expenses.

B3. Prospects

For 2024, the Malaysia economy is projected to grow closer to the upper end of the range of 4.0% - 5.0%, with the growth envisaged to be broad-based. Geo-political tensions and conflicts continue to stifle growth, demand and increase inflation risk. In addition, upcoming elections around the world may bring about uncertainties and may affect markets negatively. 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. Nevertheless, the Malaysian economy remains supported by mainly strong domestic demand and expanding exports, driven by improving external demand, a global technology upcycle and higher tourist spending.

Malaysia's new motor vehicle sales are expected to decline by 7.5% in 2024, said the Malaysian Automotive Association (“MAA”), following record sales of 799,731 units in 2023. MAA's weaker forecast is due to several factors, including global economic uncertainty due to conflicts and geopolitical tensions, and a slight slowdown in global economic growth forecasted by the International Monetary Fund to 2.9% in 2024 from 3% in 2023. Factors that would support sales in 2024 are improved supply chains and ongoing new model launches, including many new electrified vehicles, at affordable and competitive prices, which will entice and sustain buying interest among consumers, as well as accommodative car-purchase financing rate. However, consumer spending may slow down due to concerns over targeted subsidy rationalisation, the high cost of living, implementation of the high-value goods tax, and higher service tax rates for some services, including motor vehicle repair and maintenance.

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. In addition, action plans are in place to actively strengthen customer relationships and increase market share especially for the Automotive division.

Furthermore, the Precision Stamping and Tooling division (a sub-division of the PMST division)’s third facility in Indonesia totalling 27,093 sq. ft has been completed in April 2024 and will gradually contribute positively to the revenue, profits and cash flows of the Group.

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 1) in South Sumatra which will allow the PSC to proceed to field development and surface facility construction. 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 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.

The Energy segment has signed a Heads of Agreement (“HOA”) with PT Perusahaan Gas Negara Tbk (“PGN”) on 27 June 2024 for the sale and purchase of coal bed methane. PGN which is listed on the Indonesia Stock Exchange, is a leading natural gas distribution and transportation player in Indonesia and is a subsidiary of PT Pertamina (Persero), Indonesia’s state owned oil and gas company. This gas sale commencing at 1 million standard cubic per day (“mmscfd”) represents the initial and gradual progress of gas production and this initial gas production is part of Energy segment’s development phase that will increase to a total peak gas production of 25 mmscfd as approved under the Tanjung Enim POD 1.

B4. Financial Forecast and Profit Guarantee

Not applicable.

B5. Corporate proposals

Other than as mentioned in Section A8, there were no material corporate proposals undertaken by the Group that has been 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 2024 were all secured. The borrowings denominated in foreign currency and RM as at 30 June 2024 were as follows:

	RM'000
Foreign Currency:	
- IDR154,875,089 @ IDR:RM of 3,472:1	45
RM	17,672
Total Group Borrowings	17,717

B7. Material litigation

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

B8. Taxation

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

	Current quarter 30.6.2024 RM'000	Current year 30.6.2024 RM'000
Income tax expense		
Malaysia - current year	1,688	3,099
- under provision in prior year	(635)	(619)
Overseas - current	262	1,664
	1,315	4,144
Deferred tax expense		
Malaysia - current year	(111)	(663)
- over provision in prior year	10	(40)
Total tax expense	1,214	3,452

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

The effective tax rate of the Group for the current year is higher than the statutory tax rate due mainly to the losses incurred by the Energy and Resources segments.

B9. Earnings per share

Basic earnings per share

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

	Current quarter	Current year
Profit attributable to owners of the Company (RM'000)	2,432	7,462
Weighted average number of ordinary shares ('000)	269,120	269,120
Basic earnings per share (sen)	0.904	2.773

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 the year end.

B10. Exploration and development expenditure/activities

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

	RM'000
Carrying amount	
At 1 July 2023	125,721
Effect of movements in exchange rates	4,399
Additions	913
At 30 June 2024	131,033

Tanjung Enim PSC

The Energy segment secured the environmental permit dated 26 September 2023 from the Indonesian Ministry of Environment and Forestry for the Tanjung Enim POD 1. With the approval, the Energy segment is in a position to work towards the final preparations for early gas production/sales for the Tanjung Enim asset. The Energy segment signed a HOA with PGN on 27 June 2024, for the supply and sale commitment by the Energy segment and the purchase commitment by PGN, of CBM produced from Tanjung Enim's POD 1. The Energy segment has submitted an application for gas allocation and price determination to the Special Task Force for Upstream Oil and Gas Business Activities ("SKK Migas") on 8 July 2024 with PGN as the gas buyer. Concurrently with the processing of gas allocation and price determination applications, the Energy segment is working with PGN on the detailed terms of the Gas Sale & Purchase Agreement. The Energy segment has identified locations for four early gas wells, a production facility and the subsequent flow lines for the early generation of gas at Tanjung Enim's contract area. The Energy segment will complete the acquisition of the identified sites and carry out land clearing and drilling site preparation activities on these identified locations in due course.

On 23 May 2023 the Directorate General of Oil & Gas from MEMR ("Migas"), announced a new simplified gross revenue split proposal of 95% for Contractor and 5% for Government for the unconventional gas industry, to enhance project profitability, flexibility and technological innovation. This represents an improvement of about 9% in the split for the contractor, on the previous framework. Further details and guidance on this improved split has yet to be announced by the Government.

Muralim PSC

The Energy segment continues to undertake the dewatering process to determine its gas production data. The Energy segment has been granted an additional exploration period of 19 months to 29 March 2025 from MEMR. The extension will enable the Energy segment to complete the exploration commitments and acquire necessary production data, which will then facilitate the submission of a POD proposal, for the Muralim PSC, the final step required before entering the development phase for the asset.

Muara Enim PSC

Due to the anticipated increase in contractor's share of gross revenue to 95% under the revised gross split scheme advocated by MEMR, as mentioned above, the Energy segment submitted an application to convert the existing cost-recovery based PSC to a gross split based PSC, on 3 August 2023 to SKK Migas. This conversion is expected to underpin a material improvement to the revenue profile of the project and allow greater flexibility in carrying out the Energy segment's development activities. The Energy segment has received positive response from SKK Migas, indicating this application will be processed after the release of the detailed guidance and rules of the new simplified gross split scheme. A workshop and field visit were held with representatives from SKK Migas and Migas from 8 November to 10 November 2023 to discuss the Energy segment's request for gross split conversion and extension of the exploration period. The Energy segment has in the previous quarter, received the approval from MEMR through SKK Migas for an additional exploration period until 17 September 2025 for its Muara Enim PSC. The extension will allow NuEnergy to carry out activities to determine the gas productivity of the PSC and to submit a POD.

Muara Enim II

In the previous quarters, the Energy segment undertook a geological study and preliminary survey for three selected core hole well locations to fulfil the PSC's firm commitments. From the geological study, it appears that the coal seam of the Muara Enim II PSC is contiguous to our Tanjung Enim PSC, which is our most advanced CBM asset and which is in the midst of being developed. The result from the drilling of these core hole wells will confirm the coal seam lateral distribution hence the extensiveness of the gas resource. NuEnergy is currently preparing the drilling program and the environmental permit for coring activities to complete by 29 January 2025.

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 30.6.2024 RM'000	Preceding year corresponding quarter 30.6.2023 RM'000	Current year 30.6.2024 RM'000	Preceding year 30.6.2023 RM'000
Amortisation of customer relationships	(99)	(99)	(395)	(395)
Amortisation of development costs	(12)	(9)	(60)	(34)
Amortisation of government grant	107	99	431	325
Bearer plants written off	-	(664)	(909)	(664)
Changes in fair value of other investments	304	(583)	(541)	(453)
Dividend income	3	-	3	-
Depreciation	(2,569)	(2,561)	(10,183)	(9,900)
Fair value changes on biological assets	1	(242)	(57)	(1,116)
Foreign exchange gain	350	901	1,023	1,431
Gain on disposal of property, plant and equipment	43	301	259	301
Inventories written off	-	(321)	-	(321)
Property, plant and equipment written off	-	(11)	-	(11)
Provision for warranties (net)	(10)	32	(49)	(39)
Reversal of inventories written down	-	251	-	251