GLOBALTEC FORMATION BERHAD

(Incorporated in Malaysia)

Company No: 953031-A

FIRST QUARTERLY REPORT
FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

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Condensed unaudited consolidated statement of profit or loss and other comprehensive income for the financial period ended 30 September 2017

	Current quarter 30.9.2017 RM'000	Preceding year corresponding quarter 30.9.2016 RM'000	Current period 30.9.2017 RM'000	Preceding year corresponding period 30.9.2016 RM'000
Continuing operations				
Revenue	48,829	46,127	48,829	46,127
Cost of sales	(36,679)	(36,136)	(36,679)	(36,136)
Gross profit	12,150	9,991	12,150	9,991
Other operating expenses	(12,760)	(11,414)	(12,760)	(11,414)
Other operating income	257	1,618	257	1,618
Results from operating activities	(353)	195	(353)	195
Finance income	192	237	192	237
Finance costs	(485)	(594)	(485)	(594)
Loss before tax	(646)	(162)	(646)	(162)
Tax expense	(802)	(660)	(802)	(660)
Loss from continuing operations	(1,448)	(822)	(1,448)	(822)
Profit from discontinued operations, net of tax	-	3,486	-	3,486
(Loss)/Profit for the period	(1,448)	2,664	(1,448)	2,664
Other comprehensive (expense)/income, net of tax				
Foreign currency translation differences for foreign operations	(1,688)	3,847	(1,688)	3,847
Total comprehensive (expense)/income for the period	(3,136)	6,511	(3,136)	6,511
(Loss)/Profit attributable to:				
Owners of the Company - continuing operations	(227)	404	(227)	404
- discontinued operations	-	3,541	-	3,541
Non-controlling interests - continuing operations	(1,221)	(1,226)	(1,221)	(1,226)
- discontinued operations	-	(55)	-	(55)
(Loss)/Profit for the period	(1,448)	2,664	(1,448)	2,664
Total comprehensive (expense)/income attributable to:				
Owners of the Company - continuing operations	(1,588)	2,962	(1,588)	2,962
- discontinued operations	-	3,541	-	3,541
Non-controlling interests - continuing operations	(1,548)	63	(1,548)	63
- discontinued operations	-	(55)	-	(55)
Total comprehensive (expense)/income for the period	(3,136)	6,511	(3,136)	6,511
Basic (loss)/earnings per ordinary share (sen)				
- Continuing operations	(0.004)	0.008	(0.004)	0.008
- Discontinued operations	-	0.066	-	0.066
	(0.004)	0.074	(0.004)	0.074
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 Financial Report for the year ended 30 June 2017)

Condensed unaudited consolidated statement of financial position as at 30 September 2017

	As at 30.9.2017 RM'000	Audited 30.6.2017 RM'000
Non-current assets		
Property, plant and equipment	107,023	109,246
Exploration and evaluation	143,004	142,631
Other investment	3,858	3,857
Intangible assets	28,840	29,005
Deferred tax assets	210	216
Total non-current assets	282,935	284,955
Current assets		
Biological assets	555	533
Receivables, deposits and prepayments	50,812	43,644
Inventories	28,947	28,157
Other investments	248	247
Current tax assets	2,875	2,875
Cash and cash equivalents	65,873	74,194
Total current assets	149,310	149,650
TOTAL ASSETS	432,245	434,605
Equity attributable to owners of the Company		
Share capital	538,174	538,174
Share premium	105,473	105,473
Business combination deficit	(157,064)	(157,064)
Reserves	(211,936)	(210,348)
	274,647	276,235
Non-controlling interests	83,360	84,908
Total equity	358,007	361,143
Long term and deferred liabilities		
Borrowings	12,495	14,815
Deferred tax liabilities	8,143	8,513
Total long term and deferred liabilities	20,638	23,328
Current liabilities		
Payables and accruals	31,234	28,963
Tax liabilities	1,234	239
Provision for warranties	1,718	1,726
Borrowings	19,414	19,206
Total current liabilities	53,600	50,134
Total liabilities	74,238	73,462
TOTAL EQUITY AND LIABILITIES	432,245	434,605
Net assets per share attributable to owners of the Company (RM)	0.051	0.051

(The condensed unaudited consolidated statement of financial position should be read in conjunction with the Annual Financial Report for the year ended 30 June 2017)

Condensed unaudited consolidated statement of changes in equity for the financial period ended 30 September 2017

	Attributable to owners of the Company										
	Share capital	Share premium	Capital reserve	Foreign currency translation reserve	Available for sale financial asset 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	RM'000	RM'000	RM'000
At 1 July 2017	538,174	105,473	6,041	5,528	-	(44,479)	(157,064)	(177,438)	276,235	84,908	361,143
Total comprehensive expense for the period	-	-	-	(1,361)	-	-	-	(227)	(1,588)	(1,548)	(3,136)
At 30 September 2017	538,174	105,473	6,041	4,167	-	(44,479)	(157,064)	(177,665)	274,647	83,360	358,007

	Attributable to owners of the Company										
	Share capital	Share premium	Capital reserve	Foreign currency translation reserve	Available for sale financial asset 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	RM'000	RM'000	RM'000
At 1 July 2016	538,174	105,473	6,041	3,720	(3)	(44,479)	(157,064)	(157,080)	294,782	92,232	387,014
Total comprehensive income for the period	-	-	-	2,558	-	-	-	3,945	6,503	8	6,511
Transfer to accumulated losses due to permanent indication of impairment	-	-	-	-	3	-	-	317	320	-	320
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(4,009)	(4,009)
At 30 September 2016	538,174	105,473	6,041	6,278	-	(44,479)	(157,064)	(152,818)	301,605	88,231	389,836

(The condensed unaudited consolidated statement of changes in equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2017)

Condensed unaudited consolidated statement of cash flows for the financial period ended 30 September 2017

	Current period 30.9.2017 RM'000	Preceding year corresponding period 30.9.2016 RM'000
Cash flows from operating activities		
(Loss)/Profit before tax from:		
- continuing operations	(646)	(162)
- discontinued operations	-	3,486
	(646)	3,324
Adjustments for:		
Amortisation of customer relationships	99	99
Amortisation of development costs	66	171
Changes in fair value of other investment	1	14
Depreciation	2,862	3,437
Fair value gain on biological assets	(22)	-
Finance costs	485	607
Finance income	(192)	(267)
Gain on sale of discontinued operations (net)	-	(4,388)
Impairment loss on available for sale financial asset	-	320
Loss on disposal of property, plant and equipment	32	-
Provision for warranties (net)	97	124
Unrealised foreign exchange loss/(gain)	280	(411)
Operating profit before working capital changes	3,062	3,030
Changes in working capital:		
Inventories	(1,054)	(3,210)
Receivables, deposits and prepayments	(7,189)	5,846
Payables and accruals	4,058	(7,862)
Cash generated from operations	(1,123)	(2,196)
Warranties paid	(105)	(93)
Taxation paid	(1,083)	(604)
Net cash used in operating activities	(2,311)	(2,893)
Cash flows from investing activities		
Development costs paid	-	(2,805)
Exploration and evaluation expenditure incurred	(1,798)	(1,946)
Interest received	192	267
Net cash flow from disposal of subsidiaries	-	8,567
Proceeds from disposal of property, plant and equipment	10	-
Purchase of property, plant and equipment	(1,090)	(186)
Net cash (used in)/generated from investing activities	(2,686)	3,897

Condensed unaudited consolidated statement of cash flows for the financial period ended 30 September 2017 (continued)

	Current period 30.9.2017 RM'000	Preceding year corresponding period 30.9.2016 RM'000
Cash flows from financing activities		
Interest paid	(485)	(607)
Increase in deposits pledged (net)	(70)	(171)
Repayment of bank borrowings – net	(2,177)	(874)
Net cash used in financing activities	(2,732)	(1,652)
Net decrease in cash and cash equivalents	(7,729)	(648)
Effect of foreign exchange fluctuation on cash and cash equivalents	(662)	464
Cash and cash equivalents at beginning of period	74,017	53,622
Cash and cash equivalents at end of period	65,626	53,438

	Current period			**Preceding year corresponding period**		
	Continuing operations RM'000	**Discontinued operations RM'000**	**Total RM'000**	**Continuing operations RM'000**	**Discontinued operations RM'000**	**Total RM'000**
Cash and bank balances	59,950	-	59,950	40,835	2,420	43,255
Deposits with licensed banks	5,923	-	5,923	10,330	1,013	11,343
	65,873	-	65,873	51,165	3,433	54,598
Less:						
Bank overdrafts	-	-	-	(120)	-	(120)
Deposits pledged as security	(247)	-	(247)	(171)	(869)	(1,040)
	65,626	-	65,626	50,874	2,564	53,438

(The condensed unaudited consolidated statement of cash flows should be read in conjunction with the Annual Financial Report for the year ended 30 June 2017)

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 2017.

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 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

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

- MFRS 17, *Insurance Contracts*

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 plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 July 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for Amendments to MFRS 1, Amendments to MFRS 2, Amendments to MFRS 4 and Amendments to MFRS 140 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 July 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The accounting standard that is effective for annual period beginning on or after 1 January 2021 is currently not applicable to the Group.

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impact to the financial statements of the Group except as mentioned below:

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact of adopting MFRS 15.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact of adopting MFRS 9.

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

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.

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 period ended 30 September 2017.

A7. Dividends

The Board does not recommend any dividend for the financial period ended 30 September 2017.

A8. Valuation of property, plant and equipment

The Group measures and records its land and buildings at cost and does not revalue them.

A9. Material events subsequent to the period end

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

A10. Changes in composition of the Group

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

A11. Capital commitments

Capital commitments of the Group as at 30 September 2017 were as follows:

	RM'000
Approved and contracted for:	
- Purchase of plant and equipment	729
- Lease agreements	1,574
	2,303
Approved but not contracted for:	
- Uncoventional gas exploration activities	34,470
Total	36,773

A12. Contingent liabilities/assets

As at 30 September 2017, the Company had executed corporate guarantees in favour of licensed financial institutions of up to a limit of RM52.7 million for credit facilities granted to subsidiaries. Out of the total banking facilities secured by corporate guarantees by the Company, a total of RM31.1 million was outstanding at the period end.

A13. Segmental information

Analysis by business segments being the primary basis of the Group's segmental reporting for the financial period ended 30 September 2017 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	46,658	-	2,171	-		48,829
Inter-segment revenue	-	-	-	451	(451)	-
Total revenue	46,658	-	2,171	451		48,829
Segment profit/(loss)	1,845	(2,208)	185	(468)	-	(646)
Segment assets	166,081	166,168	56,625	106,608	(91,887)	403,595
Customer relationships						6,216
Goodwill on consolidation						22,434
Consolidated total assets						432,245

A14. 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 period ended 30 September 2017.

A15. Discontinued operations/Disposal group held for sale

The revenue, results and cash flows of the discontinued operations were are as follows:

	Current quarter 30.9.2017 RM'000	**Preceding year corresponding quarter 30.9.2016 RM'000**	**Current period 30.9.2017 RM'000**	**Preceding year corresponding period 30.9.2016 RM'000**
Revenue	-	5,987	-	5,987
Loss before tax	-	(902)	-	(902)
Tax expense	-	-	-	-
Loss after tax	-	(902)	-	(902)
Gain on sale of discontinued operations	-	4,388	-	4,388
Profit for the period	-	3,486	-	3,486
Other comprehensive (expense)/income	-	-	-	-
Total comprehensive income for the period	-	3,486	-	3,486
Profit/(Loss) for the period attributable to:				
Owners of the Company	-	3,541	-	3,541
Non-controlling interests	-	(55)	-	(55)
Profit for the period	-	3,486	-	3,486
Total comprehensive income/(expense) attributable to:				
Owners of the Company	-	3,541	-	3,541
Non-controlling interests	-	(55)	-	(55)
Total comprehensive income for the period	-	3,486	-	3,486
Cash flows from:				
Operating activities			-	1,493
Investing activities			-	24
Financing activities			-	(13)
Net cash flow			-	1,504

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 oil and gas but has not commenced commercial production yet.

The Group's revenue from continuing operations increased from RM46.1 million for the preceding year corresponding quarter to RM48.8 million for the current quarter. This was due to an increase in the revenue from the IMS segment, which in turn arose from the PMST division. The increase is attributable mainly to higher sales volume as a result of overall high demand. The Automotive division however recorded a decline in its revenue due mainly to poor sales of its major customer. The Resources segment registered a decrease in its revenue due mainly to a decrease in FFB production.

For the current quarter, the Group recorded a net loss of RM0.2 million versus a net profit of RM0.4 million for the preceeding year corresponding quarter due mainly to both the IMS and Resources segments recording a decline in their net profits to RM1.0 million and RM0.3 million respectively. The increased net losses of the Automotive division on the back of weak and lower sales contributed to the decline in the results of the IMS segment. This was offset by an increase in the net profits of the PMST division, which was attributable to its higher revenue and more favourable product mix. The decline in the net profits of the Resources segment was due to additional depreciation incurred on bearer plants due to the adoption of the *Amendments to MFRS116 and MFRS141* in the fourth quarter of the previous financial year.

The Group recorded a net cash outflow of RM7.7 million due mainly to repayment of bank borrowings, exploration expenditure and the operational loss incurred by the Automotive division. Comparing this quarter end with the end of the previous financial year, the Group's gearing remain unchanged at 0.12 times, however, current ratio dropped to 2.79 times from 2.99 times.

B2. Material changes from the preceding quarter

Comparing quarter on quarter, the Group's revenue from continuing operations increased from RM41.0 million to RM48.8 million. This was due to increases in the revenue of both the IMS and Resources segments. All divisions within the IMS segment recorded an increase in their revenue due mainly to improved demand and new customers being procured. The higher revenue generated by the Resources segment was attributable to higher FFB production and prices.

The net loss from continuing operations decreased from RM7.2 million to RM0.2 million quarter on quarter, due mainly to an impairment loss on exploration and evaluation assets of RM3.1 million (net of tax and non-controlling interest) and additional depreciation of RM1.7 million, being full year depreciation on bearer plants, incurred in the previous quarter. The lower net loss was also achieved with the higher revenue generated by the Group.

B3. Prospects

The Automotive division, a loss making division within the IMS segment of the Group, is currently working together with Ningbo Auto Components Industry Association and its members to extend their relationship with Proton/Geely in Malaysia and expand into the ASEAN market. The Automotive division is also working relentlessly on developing and securing more businesses from other car makers, including those that were recently secured, to reduce the over-reliance on Proton. In addition, the Automotive division is in the midst of integrating, rationalising and right-sizing its operations in a major effort to turn the division to profit.

The Board is hopeful with the venture into the oil and gas exploration, production and services (Energy segment), the Group is able to diversify its risks and reduce its reliance on the IMS and Resources segment and also improve the long term revenue, profits and cash flows to the Group.

Subsequent to the Energy segment receiving in August 2017, the approval from the Indonesian Special Task Force for Upstream Oil and Gas Business Activities (commonly referred to as SKK Migas) to prepare the initial Plan of Development ("POD") for the Tanjung Enim Production Sharing Contract ("PSC"), the Energy segement had in September 2017, executed a Memorandum of Understanding ("MOU") with PT Pertamina Gas ("Pertamina Gas") to investigate the supply of coal bed methane ("CBM") gas from Tanjung Enim PSC to Pertamina Gas for distribution to consumers in Sumatra. Pertamina Gas is a subsidiary of PT Pertamina, a state-owned oil and gas conglomerate and one of the joint venture partners for the Tanjung Enim PSC. Pertamina Gas has a focus on the midstream and downstream gas industry of Indonesia with its primary activity being trading, transportation, processing and distribution and other businesses related to natural gas and their associated products. The MOU is an important step for the negotiation of the Gas Sales and Supply Heads of Agreement to agree on the main commercial terms including supply period, supply volume and price.

The proposed concept for the initial POD plans for the development in two target areas, in the north and north-west of the PSC where the Energy segment has focused its exploration, drilling and pilot production activities over the last 8 years. The Energy segment will work closely with SKK Migas on the POD preparation with the objective to submit the POD proposal to the Indonesia Ministry of Energy and Mineral Resources through the Head of SKK Migas before the end of 2017 with POD approval anticipated by end of the first half of 2018.

Nevertheless, the Energy segment will take time before the Group can reap the returns from it.

B4. Financial Forecast and Profit Guarantee

Not applicable.

B5. Corporate proposals

Save as disclosed below, there were no other corporate proposals announced but not completed within 7 days from the date of issue of this report.

On 12 September 2014, the Company announced that it had on the same date entered into a conditional sale and purchase agreement and a share subscription agreement with Wibawa Serantau Sdn Bhd and Empangan Sejati Sdn Bhd ("ESSB") respectively, to acquire a total of 490 ordinary shares of RM1.00 each in ESSB, representing a 49% equity interest in ESSB for a total cash consideration of RM2.74 million ("Proposed Acquisition of ESSB"). ESSB has an indirect interest in Manifest Frontier Sdn Bhd, which represents a joint venture with Perak Hydro Renewable Energy Corporation Sdn Bhd to jointly build, operate and own a small hydroelectric power plant with an installed capacity of up to 15 megawatt in Perak. The Proposed Acquisition of ESSB is pending completion as at the date of this report.

B6. Taxation

The tax expense for the current quarter are as follows:

	Current quarter 30.9.2017 RM'000
Income tax expense	
Malaysia -current year	436
Overseas – current	479
	915
Deferred tax expense	
Malaysia - current year	(113)
Total tax expense	802

The effective tax rate of the Group for the current quarter is higher than the statutory tax rate principally due mainly to losses incurred by the Company and certain operating subsidiaries.

B7. Borrowings

The Group's borrowings as at 30 September 2017, which were all secured, were as follows:

	RM'000
Current	19,414
Non-current	12,495
Total Group Borrowings	31,909

The borrowings denominated in foreign currency and RM as at 30 September 2017 was as follows:

	RM'000
Foreign Currency:	
- IDR3,050,969,999@ RM0.0313/IDR100	955
- RM	30,954
Total Group Borrowings	31,909

Foreign currency:

[(1)] IDR Indonesian Rupiah

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 loss per share of the Group for the current quarter was computed as follows:

	Current quarter 30.9.2017
Loss attributable to owners of the Company (RM'000)	227
Weighted average number of ordinary shares ('000)	5,381,738
Basic loss per share (sen)	0.004

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

B10. 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 30.9.2017 RM'000	Preceding year corresponding quarter 30.9.2016 RM'000	Current period 30.9.2017 RM'000	Preceding year corresponding period 30.9.2016 RM'000
Amortisation of customer relationships	(99)	(99)	(99)	(99)
Amortisation of development costs	(66)	(171)	(66)	(171)
Changes in fair value of other investment	(1)	(14)	(1)	(14)
Depreciation	(2,862)	(3,437)	(2,862)	(3,437)
Fair value gain on biological assets	22	-	22	-
Foreign exchange (loss)/gain	(252)	390	(252)	390
Gain on sale of discontinued operations	-	4,388	-	4,388
Loss on disposal of property plant and equipment	(32)	-	(32)	-
Provision for warranties (net)	(97)	(124)	(97)	(124)
Rental income	3	3	3	3

B11. Status of memorandum of understandings

i) AutoV Corporation Sdn Bhd ("AutoV"), a subsidiary of the Company has on 28 July 2017 entered into a memorandum of understanding for strategic alliance with Ningbo Auto Components Industry Association ("Ningbo AIA") which records the principal and mutual understanding whereby Ningbo AIA shall assist to develop and secure business collaborations between its members and AutoV group of companies. There is currently no major progress as at the date of this report.

ii) NuEnergy Gas Limited ("NuEnergy") a subsidiary of the Group had as at end September 2017 executed the MOU mentioned in Note B3 above. NuEnergy is currently in an on-going discussion with PT Pertamina to confirm on technical parameters on gas delivery.

B12. Realised and unrealised losses

The breakdown of accumulated losses of the Group into realised and unrealised losses are as follows:

	As at 30.9.2017 RM'000	As at 30.6.2017 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(285,987)	(300,070)
- Unrealised	(4,374)	(7,583)
	(290,361)	(307,653)
The share of accumulated losses from a jointly controlled entity:		
- Realised	(1,763)	(1,763)
The share of accumulated losses from an associate:		
- Realised	(287)	(298)
Consolidation adjustments	114,746	132,276
Total accumulated losses	(177,665)	(177,438)