# GLOBALTEC FORMATION BERHAD

**(Incorporated in Malaysia)**

**Company No: 953031-A**

# SECOND QUARTERLY REPORT
# FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

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**Condensed unaudited consolidated statement of profit or loss and other comprehensive income for the financial period ended 31 December 2019**

| | Current quarter 31.12.2019 RM'000 | Preceding year corresponding quarter 31.12.2018 RM'000 | Current period 31.12.2019 RM'000 | Preceding year corresponding period 31.12.2018 RM'000 |
|---|---|---|---|---|
| **Revenue** | 49,077 | 60,673 | 102,043 | 115,316 |
| Cost of sales | (38,813) | (48,215) | (80,222) | (91,377) |
| **Gross profit** | 10,264 | 12,458 | 21,821 | 23,939 |
| Other operating expenses | (9,025) | (10,014) | (17,982) | (20,062) |
| Other operating income | 349 | 635 | 459 | 678 |
| **Results from operating activities** | 1,588 | 3,079 | 4,298 | 4,555 |
| Finance income | 243 | 224 | 661 | 500 |
| Finance costs | (388) | (565) | (721) | (915) |
| **Profit before tax** | 1,443 | 2,738 | 4,238 | 4,140 |
| Tax expense | (662) | (794) | (1,639) | (1,625) |
| **Profit for the period** | 781 | 1,944 | 2,599 | 2,515 |
| **Other comprehensive (expense)/income, net of tax** | | | | |
| Foreign currency translation differences for foreign operations | (1,726) | 1,610 | (360) | 4,354 |
| **Total comprehensive (expense)/income for the period** | (945) | 3,554 | 2,239 | 6,869 |
| **Profit/(Loss) attributable to:** | | | | |
| Owners of the Company | 1,746 | 2,666 | 3,745 | 3,622 |
| Non-controlling interests | (965) | (722) | (1,146) | (1,107) |
| **Profit for the period** | 781 | 1,944 | 2,599 | 2,515 |
| **Total comprehensive income/(expense) attributable to:** | | | | |
| Owners of the Company | 560 | 4,106 | 3,504 | 6,690 |
| Non-controlling interests | (1,505) | (552) | (1,265) | 179 |
| **Total comprehensive (expense)/income for the period** | (945) | 3,554 | 2,239 | 6,869 |
| Basic earnings per ordinary share (sen) | 0.649 | 0.991 | 1.392 | 1.346 |
| 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 2019)**

**Condensed unaudited consolidated statement of financial position as at 31 December 2019**

| | As at 31.12.2019 RM'000 | Audited 30.6.2019 RM'000 |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 111,284 | 110,324 |
| Exploration and evaluation assets | 99,592 | 99,339 |
| Intangible assets | 27,510 | 27,706 |
| Deferred tax assets | 773 | 769 |
| **Total non-current assets** | 239,159 | 238,138 |
| **Current assets** | | |
| Biological assets | 267 | 172 |
| Receivables, deposits and prepayments | 39,955 | 38,213 |
| Inventories | 22,877 | 28,368 |
| Contract assets | 7,043 | 7,631 |
| Other investments | 183 | 185 |
| Current tax assets | 1,618 | 1,373 |
| Fixed deposits with maturity more than 3 months but less than 12 months | - | 6,000 |
| Cash and cash equivalents | 58,986 | 40,750 |
| **Total current assets** | 130,929 | 122,692 |
| **TOTAL ASSETS** | 370,088 | 360,830 |
| **Equity attributable to owners of the Company** | | |
| Share capital | 643,647 | 643,647 |
| Business combination deficit | (157,064) | (157,064) |
| Reserves | (249,761) | (253,266) |
| | 236,822 | 233,317 |
| Non-controlling interests | 38,429 | 39,694 |
| **Total equity** | 275,251 | 273,011 |
| **Long term and deferred liabilities** | | |
| Borrowings | 6,859 | 6,562 |
| Deferred tax liabilities | 6,794 | 5,206 |
| **Total long term and deferred liabilities** | 13,653 | 11,768 |
| **Current liabilities** | | |
| Payables and accruals | 38,352 | 35,080 |
| Tax liabilities | 555 | 361 |
| Provisions | 25,953 | 25,660 |
| Borrowings | 16,324 | 14,950 |
| **Total current liabilities** | 81,184 | 76,051 |
| **Total liabilities** | 94,837 | 87,819 |
| **TOTAL EQUITY AND LIABILITIES** | 370,088 | 360,830 |
| Net assets per share attributable to owners of the Company (RM) | 0.880 | 0.867 |

**(The condensed unaudited consolidated statement of financial position should be read in conjunction with the Annual Report for the year ended 30 June 2019)**

## Condensed unaudited consolidated statement of changes in equity for the financial period ended 31 December 2019

| | Attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Foreign currency translation reserve | Fair value adjustment reserve | Business combination deficit | Accumulated losses | Total | Non-controlling interests | Total equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **At 1 July 2019** | 643,647 | (553) | (44,479) | (157,064) | (208,233) | 233,318 | 39,694 | 273,012 |
| Total comprehensive (expense)/income for the period | - | (241) | - | - | 3,745 | 3,504 | (1,265) | 2,239 |
| **At 31 December 2019** | 643,647 | (794) | (44,479) | (157,064) | (204,488) | 236,822 | 38,429 | 275,251 |

| | Attributable to owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Capital reserve | 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 | RM'000 | RM'000 |
| **At 1 July 2018** | | | | | | | | | | |
| **- As previously stated** | 538,174 | 105,473 | 6,041 | (3,938) | (44,479) | (157,064) | (197,827) | 246,380 | 62,834 | 309,214 |
| **- Effects of adoption of *MFRS 15*** | - | - | - | - | - | - | 1,608 | 1,608 | - | 1,608 |
| **- As restated** | 538,174 | 105,473 | 6,041 | (3,938) | (44,479) | (157,064) | (196,219) | 247,988 | 62,834 | 310,822 |
| Total comprehensive income for the period | - | - | - | 3,068 | - | - | 3,622 | 6,690 | 179 | 6,869 |
| **At 31 December 2018** | 538,174 | 105,473 | 6,041 | (870) | (44,479) | (157,064) | (192,597) | 254,678 | 63,013 | 317,691 |

**(The condensed unaudited consolidated statement of changes in equity should be read in conjunction with the Annual Report for the year ended 30 June 2019)**

**Condensed unaudited consolidated statement of cash flows for the financial period ended 31 December 2019**

| | Current period 31.12.2019 RM'000 | Preceding year corresponding period 31.12.2018 RM'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before tax | 4,238 | 4,140 |
| Adjustments for: | | |
| Amortisation of customer relationships | 197 | 197 |
| Amortisation of development costs | - | 25 |
| Changes in fair value of other investments | 2 | 10 |
| Depreciation | 5,786 | 4,996 |
| Fair value loss on biological assets | (95) | 113 |
| Finance costs | 721 | 915 |
| Finance income | (661) | (500) |
| Gain on disposal of property, plant and equipment | (137) | (86) |
| Loss on disposal of other investment | - | 20 |
| Provision for warranties (net) | 87 | 369 |
| Unrealised foreign exchange loss | 124 | 612 |
| Operating profit before working capital changes | 10,262 | 10,811 |
| Changes in working capital: | | |
| Inventories | 5,581 | (1,354) |
| Contract assets | 589 | - |
| Receivables, deposits and prepayments | (1,895) | (10,691) |
| Payables and accruals | 4,348 | 5,172 |
| Cash generated from operations | 18,885 | 3,938 |
| Warranties paid | (86) | (115) |
| Taxation paid (net) | (106) | (1,314) |
| **Net cash generated from operating activities** | 18,693 | 2,509 |

**Condensed unaudited consolidated statement of cash flows for the financial period ended 31 December 2019** (continued)

| | Current period 31.12.2019 RM'000 | Preceding year corresponding period 31.12.2018 RM'000 |
|---|---|---|
| **Cash flows from investing activities** | | |
| Exploration and evaluation expenditure incurred | (1,020) | (9,743) |
| Interest received | 661 | 500 |
| Decrease in tenure of fixed deposits | 6,000 | - |
| Proceeds from disposal of other investment | - | 3,500 |
| Proceeds from disposal of property, plant and equipment | 290 | 88 |
| Purchase of property, plant and equipment | (2,032) | (6,622) |
| **Net cash generated from/(used in) investing activities** | 3,899 | (12,277) |
| **Cash flows from financing activities** | | |
| Interest paid | (721) | (915) |
| Repayment of bank borrowings – net | (2,945) | (626) |
| **Net cash used in financing activities** | (3,666) | (1,541) |
| **Net increase/(decrease) in cash and cash equivalents** | 18,926 | (11,309) |
| Effect of foreign exchange fluctuation on cash and cash equivalents | (540) | 1,387 |
| Cash and cash equivalents at beginning of period | 39,704 | 55,389 |
| **Cash and cash equivalents at end of period** | 58,090 | 45,467 |

| | Current period 31.12.2019 RM'000 | Preceding year corresponding period 31.12.2018 RM'000 |
|---|---|---|
| Cash and bank balances | 27,667 | 21,844 |
| Short term placement | 17,419 | 18,773 |
| Deposits with licensed banks | 13,900 | 4,850 |
| | 58,986 | 45,467 |
| Less: | | |
| Bank overdraft | (896) | - |
| | 58,090 | 45,467 |

**(The condensed unaudited consolidated statement of cash flows should be read in conjunction with the Annual Report for the year ended 30 June 2019)**

## 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

Save as disclosed below, 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 2019.

The Group had during the financial year inter-alia adopted MFRS 16, *Leases* (which was effective for annual periods beginning on or after 1 January 2019). The Group had applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to accumulated losses at 1 July 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented as previously reported under MFRS 117, *Leases* and related interpretations.

***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*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short term leases and leases of low-value items. Lessor accounting remains similar to the previous accounting standard which continues to be classified as finance or operating lease.

At 1 July 2019, the Group has recognised lease liabilities of RM4.3 million with a corresponding right-of-use assets of equivalent amount. There is no impact to the Group's existing finance leases.

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 2020***

- Amendments to MFRS 3, *Business Combinations – Definition of a Business* Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

***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 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

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

**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 31 December 2019.

**A7. Dividends**

The Board does not recommend any dividend for the financial period ended 31 December 2019.

**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

Contracted but not provided for capital commitments as at 31 December 2019 were as follows:

| | RM'000 |
|---|---|
| In respect of: | |
| - Property, plant and equipment | 2,289 |
| - Lease agreements | 2,346 |
| Total | 4,635 |

## A12. Contingent liabilities/assets

As at 31 December 2019, the Company had executed corporate guarantees in favour of licensed financial institutions of up to a limit of RM35.4 million for credit facilities granted to subsidiaries. Out of the total banking facilities secured by corporate guarantees by the Company, a total of RM17.6 million was outstanding at the period end.

## A13. 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 31 December 2019.

## A14. Segmental information

Analysis by business segments being the primary basis of the Group's segmental reporting for the financial period ended 31 December 2019 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 | 99,334 | - | 2,709 | - | - | 102,043 |
| Inter-segment revenue | - | - | - | 988 | (988) | - |
| Total revenue | 99,334 | - | 2,709 | 988 | | 102,043 |
| **Segment profit/(loss)** | 7,754 | (2,034) | (838) | (644) | - | 4,238 |
| **Segment assets** | 182,297 | 107,939 | 50,238 | 74,889 | (72,785) | 342,578 |
| Customer relationships | | | | | | 5,328 |
| Goodwill on consolidation | | | | | | 22,182 |
| Consolidated total assets | | | | | | 370,088 |

**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 decreased from RM60.7 million for the preceding year corresponding quarter to RM49.1 million for the current quarter. This was due to a decline in revenue of RM11.4 million and RM0.2 million, registered by the IMS and Resources segment respectively. All the divisions within the IMS segment registered a decline in their revenue due to lower demand. The Resources segment registered a slight decline in its revenue due to a decrease in FFB production.

In tandem with the decline in revenue and higher depreciation (arising from the completion of the construction of the second factory building of the Precision Machining and Automation ("PMA") division (a sub-division of the PMST division) at the beginning of the current financial year, the net profit of the Group decreased from RM2.7 million in the preceding year corresponding quarter to RM1.7 million in the current quarter. Despite the decline in revenue of about 19%, the IMS segment's net profit was quite constant at RM2.7 million due mainly to better cost management and product mix. The Resources segment recorded a decrease in its net loss from RM0.2 million for the preceding year corresponding quarter to RM69,000 for the current quarter due mainly to improved margins as a result of an increase in FFB prices and fair value gain on biological assets.

The Group recorded a net cash inflow of RM18.9 million for the current period versus a net cash outflow of RM11.3 million for the preceding year corresponding period. This was achieved with higher operating cash inflows of RM18.7 million for the current period as compared to RM2.5 million for the same period in the previous financial year, lower capital expenditure and exploration expenditure. The lower capital expenditure is mainly due to the completion of the construction of PMA division's second factory building at the beginning of the current financial year. The cash and cash equivalents of the Group as at period end stood at RM58.1 million (31 December 2019: RM45.5 million). Comparing quarter end with the end of previous financial year, the Group's net assets per share has increased from RM0.867 to RM0.88 whilst the gearing has increased marginally to 0.10 times from 0.09 times due mainly to the implementation of MFRS 16. Current ratio of the Group has remained the same at 1.61 times.

## B2. Material changes from the preceding quarter

Comparing quarter on quarter, the Group's revenue decreased from RM53.0 million to RM49.1 million due to a decrease in IMS segment's revenue. The decrease in IMS segment's revenue of RM4.3 million, experienced by all the IMS divisions, was due mainly to lower demand. The Resources segment has registered an increase in the revenue of RM0.4 million was due to an increase in both the FFB production and FFB prices.

The Group's net profit decreased from RM2.0 million in the previous quarter to RM1.7 million for the current quarter due mainly to a decrease in the net profit from the IMS segment. The IMS segment recorded a decrease of RM0.9 million in its net profit from RM3.6 million in the previous quarter to RM2.7 million for the current quarter, in tandem with the decrease in its revenue and also due to additional fixed costs arising from the PMA division's newly constructed factory, of which capacity is gradually being utilised during the current quarter. In tandem with the increase in revenue and fair value gain on biological assets, the Resources segment registered a decrease of RM0.7 million in its net losses quarter on quarter to register a net loss of RM69,000 for the current quarter.

**B3. Prospects**

The PMA division's new factory facility of 60,000 square feet at Penang Science Park was completed and ready in the first quarter of the current financial year and the PMA division expects to gradually increase its capacity and revenue over time. With the expansion plans of the PMST division, the Group can expect increased positive growth to its revenue and bottom line in years to come.

The outbreak of COVID-19 however may affect the financial performance of the Group.

The Energy Segment, under NuEnergy Gas Limited ("NuEnergy"), has submitted the first coal bed methane ("CBM") Plan of Development ("POD I") for the Tanjung Enim Production Sharing Contract ("PSC") in Indonesia. The proposed POD I plans for the development of 209 wells in the identified areas of the Tanjung Enim PSC covering about 33km$^2$ (or 13% of the total Tanjung Enim PSC acreage). The Indonesia Research and Development Center for Oil and Gas Technology has confirmed and certified reserves totaling ~164.89 billion standard cubic feet (bscf) of gas. The proposed POD I is currently pending the approval from the Government of Indonesia.

Nevertheless, development and commercialisation of the gas reserves 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 material corporate proposals announced but not completed within 7 days from the date of issue of this report.

The Company had on 23 December 2019 announced that GFB Technology Sdn. Bhd., a wholly-owned subsidiary, had on 23 December 2019 entered into a Sales and Purchase Agreement with Marcilluslee @ Boy Bin Linus, for the acquisition of a parcel of land held under Country Lease Title No. 215499246 situated at Kg Nosoob, in the district of Penampang, State of Sabah for a total cash consideration of RM10 million, upon the terms and conditions as stipulated in the SPA ("Proposed Acquisition"). The Proposed Acquisition is pending completion as at the date of this report.

**B6. Taxation**

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

| | Current quarter 31.12.2019 RM'000 | Financial period 31.12.2019 RM'000 |
|---|---|---|
| **Income tax expense** | | |
| Malaysia -current year | (1,256) | (729) |
| Overseas – current | 308 | 780 |
| | (948) | 51 |
| **Deferred tax expense** | | |
| Malaysia - current year | 1,610 | 1,588 |
| Total tax expense | 662 | 1,639 |

The effective tax rate of the Group for the current quarter and current period is higher than the statutory tax rate due mainly to the losses incurred by the Energy segment (which has yet to commence commercial production) and the Resources and Investment Holding segments.

**B7. 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. Discussions are still ongoing as at the date of this report.

ii) NuEnergy had as at end September 2017 executed a Memorandum of Understanding with PT Pertamina Gas ("Pertagas") in September 2017 to explore the gas supply from the Tanjung Enim PSC. NuEnergy is currently in an on-going discussion with Pertagas to finalise the mechanism on gas delivery and subsequently progress to negotiate the commercial terms of gas sale and supply.

**B8. Borrowings**

The Group's borrowings as at 31 December 2019 were all secured. The borrowings denominated in foreign currency and RM as at 31 December 2019 was as follows:

| | RM'000 |
|---|---|
| Foreign Currency: | |
| - IDR1,220,303,358@ RM0.0295/IDR100 | 360 |
| RM | 22,823 |
| Total Group Borrowings | 23,183 |

**Foreign currency:**

| | |
|---|---|
| IDR | Indonesian Rupiah |

**B9. Material litigation**

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

**B10. Earnings per share**

Basic earnings per share

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

| | Current quarter | Current period |
|---|---|---|
| Profit attributable to owners of the Company (RM'000) | 1,746 | 3,745 |
| Weighted average number of ordinary shares ('000) | 269,087 | 269,087 |
| Basic earnings per share (sen) | 0.649 | 1.392 |

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

**B11. Exploration and development expenditure/activities**

Below is a table showing the exploration assets/expenditure incurred during the period.

| | RM'000 |
|---|---|
| **Carrying amount** | |
| At 1 July 2019 | 99,339 |
| Effect of movements in exchange rates | (767) |
| Additions | 1,020 |
| At 31 December 2019 | 99,592 |

The Energy segment continued with its engagement with the Government of Indonesia to secure approval of the Tanjung Enim Gross Split PSC and POD I. This included a field visit (at the request of the Ministry of Energy and Mineral Resources ("MEMR")) by the Director General of Oil and Gas and representatives from Lemigas, Geology Department and the MEMR to the Tanjung Enim site from 18 December 2019 to 19 December 2019. The visit was made to all the wells, namely TE-10, TE-11, TE-12, TE-13 and TE-14.

The Energy segment also submitted, in respect of the Muara Enim PSC, a proposal for additional exploration period to continue the exploration activities beyond the 10th Contract Year which ended on 29 November 2019 to the MEMR through the Indonesian Special Task Force for Upstream Oil and Gas Business Activities ("SKK Migas"). The Energy segment has in early February 2020 been granted an additional exploration period by MEMR through SKK Migas to continue the exploration activities beyond the 10th Contract Year from 30 November 2019 to 19 January 2021.

## 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):

| | Current quarter 31.12.2019 RM'000 | Preceding year corresponding quarter 31.12.2018 RM'000 | Current period 31.12.2019 RM'000 | Preceding year corresponding period 31.12.2018 RM'000 |
|---|---|---|---|---|
| Amortisation of customer relationships | (99) | (99) | (197) | (197) |
| Amortisation of development costs | - | (10) | - | (25) |
| Changes in fair value of other investments | 6 | - | (2) | (10) |
| Depreciation | (3,206) | (2,564) | (5,786) | (4,996) |
| Fair value changes on biological assets | 228 | (53) | 95 | (113) |
| Foreign exchange loss | (428) | (929) | (236) | (885) |
| Gain on disposal of property plant and equipment | 127 | 73 | 137 | 86 |
| Loss on disposal of other investment | - | (20) | - | (20) |
| Provision for warranties (net) | (42) | (58) | (87) | (369) |
| Rental income | 3 | 3 | 6 | 6 |