



GLOBALTEC FORMATION BERHAD

(Incorporated in Malaysia)

Reg. No. 201101024895 (953031-A)

THIRD QUARTERLY REPORT FINANCIAL YEAR 2022

HIGHLIGHTS

- **Group continues to record profits quarter on quarter**
- **Third quarter net profit of RM5.2 million**
- **9 month period to-date net profit at RM11.8 million**
- **Cash/Cash equivalents position at RM69.8 million**
- **Net assets grows to RM261 million**
- **Net assets per share at RM0.97**
- **Gearing continue to decrease to 0.04 times**



Condensed unaudited consolidated statement of profit or loss and other comprehensive income for the financial period ended 31 March 2022

	Current quarter 31.3.2022 RM'000	Preceding year corresponding quarter 31.3.2021 RM'000	Current period 31.3.2022 RM'000	Preceding year corresponding period 31.3.2021 RM'000
Revenue	47,555	43,304	135,385	123,282
Cost of sales	(35,972)	(34,090)	(98,172)	(94,639)
Gross profit	11,583	9,214	37,213	28,643
Other operating expenses	(7,851)	(14,477)	(24,601)	(23,485)
Other operating income	1,621	1,122	2,062	22,368
Results from operating activities	5,353	(4,141)	14,674	27,526
Finance income	84	157	361	651
Finance costs	(127)	(216)	(655)	(710)
Profit/(Loss) before tax	5,310	(4,200)	14,380	27,467
Tax expense	(325)	(747)	(3,761)	(3,434)
Profit/(Loss) for the period	4,985	(4,947)	10,619	24,033
Other comprehensive income/(expense), net of tax				
Foreign currency translation differences for foreign operations	695	1,502	1,713	(3,767)
Total comprehensive income/(expense) for the period	5,680	(3,445)	12,332	20,266
Profit/(Loss) attributable to:				
Owners of the Company	5,248	(1,367)	11,761	15,391
Non-controlling interests	(263)	(3,580)	(1,142)	8,642
Profit/(Loss) for the period	4,985	(4,947)	10,619	24,033
Total comprehensive income/(expense) attributable to:				
Owners of the Company	6,084	(50)	13,311	12,377
Non-controlling interests	(404)	(3,395)	(979)	7,889
Total comprehensive income/(expense) for the period	5,680	(3,445)	12,332	20,266
Basic earnings/(loss) per ordinary share (sen)	1.950	(0.508)	4.370	5.720
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 31 March 2022

	As at 31.3.2022 RM'000	Audited 30.6.2021 RM'000
Non-current assets		
Property, plant and equipment	60,995	62,901
Right-of-use assets	31,546	32,238
Exploration and evaluation assets	106,445	103,479
Other investments	53	53
Other financial assets	2,177	2,151
Investment property	13,605	13,605
Intangible assets	26,695	27,016
Total non-current assets	<u>241,516</u>	<u>241,443</u>
Current assets		
Biological assets	1,356	491
Receivables, deposits and prepayments	30,299	23,262
Inventories	34,297	30,987
Contract assets	6,478	4,504
Other investments	3,713	15,071
Current tax assets	1,512	1,471
Cash and cash equivalents	69,804	72,973
Total current assets	<u>147,459</u>	<u>148,759</u>
TOTAL ASSETS	<u>388,975</u>	<u>390,202</u>
Equity attributable to owners of the Company		
Share capital	643,671	643,647
Business combination deficit	(157,064)	(157,064)
Reserves	(225,585)	(230,808)
	<u>261,022</u>	<u>255,775</u>
Non-controlling interests	43,876	44,840
Total equity	<u>304,898</u>	<u>300,615</u>
Long term and deferred liabilities		
Borrowings	1,885	2,627
Lease liabilities	726	822
Deferred income	1,670	1,873
Deferred tax liabilities	8,795	8,274
Total long term and deferred liabilities	<u>13,076</u>	<u>13,596</u>
Current liabilities		
Payables and accruals	34,047	36,121
Lease liabilities	515	1,147
Tax liabilities	2,797	1,954
Deferred income	271	271
Provisions	25,827	25,521
Borrowings	7,544	10,977
Total current liabilities	<u>71,001</u>	<u>75,991</u>
Total liabilities	<u>84,077</u>	<u>89,587</u>
TOTAL EQUITY AND LIABILITIES	<u>388,975</u>	<u>390,202</u>
Net assets per share attributable to owners of the Company (RM)	0.970	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 period ended 31 March 2022

	← Attributable to owners of the Company →					Total	Non-controlling interests	Total equity
	Share capital	Foreign currency translation reserve	Fair value adjustment reserve	Business combination deficit	Accumulated losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2021	643,647	(844)	(44,479)	(157,064)	(185,485)	255,775	44,840	300,615
Total comprehensive income/(expense) for the period	-	1,550	-	-	11,761	13,311	(979)	12,332
Shares issued on conversion of the Company's warrants	24	-	-	-	-	24	-	24
De-registration of a subsidiary	-	-	-	-	(15)	(15)	15	-
Dividend paid to owners of the Company	-	-	-	-	(8,073)	(8,073)	-	(8,073)
At 31 March 2022	643,671	706	(44,479)	(157,064)	(181,812)	261,022	43,876	304,898

	← Attributable to owners of the Company →					Total	Non-controlling interests	Total equity
	Share capital	Foreign currency translation reserve	Fair value adjustment reserve	Business combination deficit	Accumulated losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2020	643,647	2,351	(44,479)	(157,064)	(205,885)	238,570	36,759	275,329
Total comprehensive (expense)/income for the period	-	(3,014)	-	-	15,391	12,377	7,889	20,266
At 31 March 2021	643,647	(663)	(44,479)	(157,064)	(190,494)	250,947	44,648	295,595

(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 period ended 31 March 2022**

	Current period	Preceding year
	31.3.2022	corresponding
	RM'000	period
		31.3.2021
		RM'000
Cash flows from operating activities		
Profit before tax	14,380	27,467
Adjustments for:		
Amortisation of customer relationships	296	296
Amortisation of development costs	25	25
Amortisation of government grant	(203)	(182)
Changes in fair value of other investments	1,693	(490)
Depreciation	7,771	8,423
Fair value changes on biological assets	(865)	65
Finance costs	655	710
Finance income	(361)	(651)
Gain on disposal of property, plant and equipment	(57)	-
Gain on disposal of gold royalty	-	(22,024)
Property, plant and equipment written off	18	-
Provision for warranties (net)	52	78
Unrealised foreign exchange loss	368	1,264
Operating profit before working capital changes	23,773	14,981
Changes in working capital:		
Inventories	(3,011)	36
Contract assets	(2,826)	842
Receivables, deposits and prepayments	(5,459)	(13,013)
Payables and accruals	(2,839)	8,890
Cash generated from operations	9,638	11,736
Warranties paid	(55)	(70)
Taxation paid (net)	(2,441)	(1,557)
Net cash generated from operating activities	7,142	10,109



Condensed unaudited consolidated statement of cash flows for the financial period ended 31 March 2022
(continued)

	Current period	Preceding year
	31.3.2022	corresponding
	RM'000	period
		31.3.2021
		RM'000
Cash flows from investing activities		
Exploration and evaluation expenditure incurred	(1,699)	(1,362)
Interest received	361	651
Withdrawal of long tenure fixed deposits	-	3,000
Proceeds from disposal of other investments	8,648	692
Proceeds from disposal of property, plant and equipment	56	-
Proceeds from disposal of gold royalty	-	5,684
Purchase of property, plant and equipment	(4,958)	(2,580)
Net cash generated from investing activities	2,408	6,085
Cash flows from financing activities		
Receipt of government grant	-	905
Interest paid	(655)	(710)
Dividends paid to shareholders	(8,073)	-
Proceeds from conversion of Company's warrants	24	-
Repayment of bank borrowings – net	(4,904)	(3,881)
Net cash used in financing activities	(13,608)	(3,686)
Net (decrease)/increase in cash and cash equivalents	(4,058)	12,508
Effect of foreign exchange fluctuation on cash and cash equivalents	889	(1,739)
Cash and cash equivalents at beginning of period	72,973	52,713
Cash and cash equivalents at end of period	69,804	63,482
	As at	As at
	31.3.2022	31.3.2021
	RM'000	RM'000
Cash and bank balances	35,020	34,640
Short term placement funds	13,218	13,842
Deposits with licensed banks	21,566	15,000
	69,804	63,482

(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 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 which is not applicable to the Group.

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

A3. Qualified audit report

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial 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 March 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 does not recommend any dividend for the financial period ended 31 March 2022.

A8. Material events subsequent to the period end

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

A9. Changes in composition of the Group

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

A10. Capital commitments

Contracted but not provided for capital commitments as at 31 March 2022 were as follows:

	RM'000
In respect of:	
- Property, plant and equipment	764
- Exploration expenditure	315
Total	<u>1,079</u>

A11. Contingent liabilities/assets

As at 31 March 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 RM8.7 million was outstanding at the period 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 period ended 31 March 2022.

During the financial period, 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 period ended 31 March 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
Segment revenue						
Revenue from external customers	126,664	-	8,721	-	-	135,385
Inter-segment revenue	-	-	-	1,284	(1,284)	-
Total revenue	<u>126,664</u>	<u>-</u>	<u>8,721</u>	<u>1,284</u>		<u>135,385</u>
Segment profit/(loss)	<u>15,460</u>	<u>(3,825)</u>	<u>3,643</u>	<u>(1,404)</u>	<u>506</u>	<u>14,380</u>
Segment assets	179,023	122,985	46,019	70,266	(55,939)	362,354
Customer relationships						4,440
Goodwill on consolidation						22,181
Consolidated total assets						<u>388,975</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.

The Group’s revenue for the current quarter increased from RM43.3 million in the preceding year corresponding quarter to RM47.6 million, on the back of all the operating segments recording a growth in their revenue. The revenue from IMS segment moved up RM2.5 million, from RM42.2 million to RM44.6 million underpinned by an increase of RM5.0 million, in the revenue contribution from the PMST division, attributable to improving overall demand. The Automotive division, however registered a decline of RM2.5 million mainly due to supply chain disruptions arising from a major flood in Selangor in December 2021. The Resources segment’s revenue increased by RM1.8 million from RM1.1 million in the preceding year corresponding quarter to RM2.9 million due mainly to an increase in both FFB price and FFB production.

Based on the Group’s effective share, included in the current quarter and preceding year corresponding quarter results of the Energy segment was a fair value gain and fair value loss on other investment of RM0.2 million and RM3.6 million respectively. Excluding the aforementioned items, the Group’s net profit more than doubled, from RM2.2 million in the preceding year corresponding quarter to RM5.1 million for the current quarter. This improvement was achieved with an improvement in the results of all the segments.

The IMS segment registered an increase of RM1.7 million or 44% in its net profit to record a net profit of RM5.4 million for the current quarter. The PMST division, in line with its increase in revenue, recorded an increase of RM2.1 million in its net profit from RM3.5 million in the preceding year corresponding quarter to RM5.6 million for the current quarter. Due to the decline in revenue, the Automotive division recorded a decrease of RM0.5 million in its results to register a net loss of RM0.2 million for the current quarter. In tandem with its higher revenue, the Resources segment’s results improved from a net loss of RM0.7 million to a net profit of RM0.3 million.

As at 31 March 2022, due mainly to a dividend payment of RM8.1 million to the Company’s shareholders, the Group’s cash and cash equivalents decreased by RM4.1 million, to RM69.8 million (30 June 2021: RM73.0 million). The Group recorded a net operating cash inflow of RM7.1 million for the current quarter. Comparing 31 March 2022 with 30 June 2021, the Group’s net assets per share has increased from RM0.95 to RM0.97 whilst the gearing continuously decrease from 0.06 times to 0.04 times. Current ratio of the Group increased from 1.96 times to 2.08 times.

B2. Material changes from the preceding quarter

Comparing quarter on quarter, the Group’s revenue decreased by RM5.5 million or 10%, from RM53.1 million to RM47.6 million due to all the operating segments registering a decrease in their revenue. The IMS segment registered a decrease in its revenue from RM50.0 million to RM44.6 million, mainly caused by a decrease in the revenue of RM4.3 million experienced by the Automotive division as a result of the prolonged supply chain disruption as explained above. The Resources segment’s revenue decreased from RM3.1 million to RM2.9 million due mainly to a decrease in FFB production but was offset partially by an increase in FFB price.

Despite the decline in revenue, the Group's net profit remained consistent at RM5.2 million quarter on quarter. In tandem with the decline in revenue, the IMS segment, underpinned by the Automotive division, experienced a marginal drop in its net profit of RM0.2 million to register a net profit of RM5.4 million for the current quarter. The Resources segment, recorded a decrease in its net profit of RM0.2 million in tandem with the decrease in its 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 and the lockdown in China, 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.

The prospects for the Automotive division will improve moving forward, premised on below:

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

On 17 June 2021, the Energy segment achieved a major milestone as the Indonesian Ministry of Energy and Mineral Resources ("MEMR") has approved the Energy segment's first plan of development ("POD") for the Tanjung Enim production sharing contract ("PSC") under a gross split scheme (referred to as Tanjung Enim POD I) in South Sumatra which will allow the PSC to proceed to field development and surface facility construction. The approval of the Tanjung Enim POD I also represents the first 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 ~33km² (or 13% of the total acreage of the Tanjung Enim Gross Split PSC) where the Indonesia Research and Development Center for Oil and Gas Technology ("LEMIGAS") has confirmed and certified reserves totalling ~164.89 Bscf in these areas. With the Tanjung Enim POD I approval, the Energy segment can negotiate commercial terms for gas sales with interested parties.

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

B4. Financial Forecast and Profit Guarantee

Not applicable.

B5. Corporate proposals

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

B6. Taxation

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

	Current quarter	Financial period
	31.3.2022	31.3.2022
	RM'000	RM'000
Income tax expense		
Malaysia - current year	1,025	3,516
- over provision in prior year	(1,302)	(1,302)
Overseas - current	313	819
	<u>36</u>	<u>3,033</u>
Deferred tax expense		
Malaysia - current year	288	585
Overseas – current year	1	143
	<u>325</u>	<u>3,761</u>
Total tax expense	<u>325</u>	<u>3,761</u>

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 and Investment Holding segment.

B7. Borrowings

The Group's borrowings as at 31 March 2022 were all secured and denominated in Ringgit Malaysia.

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 period was computed as follows:

	Current quarter	Current period
Profit attributable to owners of the Company (RM'000)	5,248	11,761
Weighted average number of ordinary shares ('000)	269,120	269,100
	<hr/>	<hr/>
Basic earnings per share (sen)	1.950	4.370

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 period end.

B10. Exploration and development expenditure/activities

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

	RM'000
Carrying amount	
At 1 July 2021	103,479
Effect of movements in exchange rates	1,267
Additions	<u>1,699</u>
At 31 March 2022	<u>106,445</u>

In respect of the POD I of the Tanjung Enim PSC, the Energy segment has advanced its discussions and negotiations on future gas sales with PT Pertamina Gas and several potential gas buyers, that is expected to culminate in formal gas sales agreements between the parties. The Energy segment has also embarked on the necessary environmental impact studies (also known as AMDAL or Analisis Manajemen Dampak Lingkungan in Indonesia) and Front-End Engineering Design ("FEED") studies by selecting and reviewing proposals from qualified vendors and consultants. In addition, the Energy segment has also received the Seller Appointment Letter from the Indonesian Special Task Force for Upstream Oil and Gas Business Activities ("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 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. The result from the gas production will be submitted to SKK Migas for their further recommendation to submit the future POD proposal for this PSC.

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

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

	Current quarter 31.3.2022 RM'000	Preceding year corresponding quarter 31.3.2021 RM'000	Current period 31.3.2022 RM'000	Preceding year corresponding period 31.3.2021 RM'000
Amortisation of customer relationships	(99)	(99)	(296)	(296)
Amortisation of development costs	(8)	(8)	(25)	(25)
Amortisation of government grant	67	68	203	182
Changes in fair value of other investments	339	(6,734)	(1,693)	490
Depreciation	(2,534)	(2,747)	(7,771)	(8,423)
Fair value changes on biological assets	278	(247)	865	(65)
Foreign exchange loss	(228)	(209)	(155)	(1,718)
Gain on disposal of gold royalty	-	313	-	22,024
Gain on disposal of property plant and equipment	57	-	57	-
Property, plant and equipment written off	-	-	(18)	-
Provision for warranties (net)	(18)	(34)	(52)	(78)
Rental income	3	3	9	9

B12. 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.