



# **GLOBALTEC FORMATION BERHAD**

(Incorporated in Malaysia)

Reg. No. 201101024895 (953031-A)

## **FIRST QUARTERLY REPORT FINANCIAL YEAR 2024**

### **HIGHLIGHTS**

- **The Group records net profit of RM1.3 million for the current quarter**
- **Dividend per share of 1.1 sen in respect of financial year 2023 paid on 20 November 2023**
- **Cash/Cash equivalents increased to RM63.8 million**
- **Net operating cash inflow of RM13 million**
- **Net assets increased to RM282 million**
- **Net assets per share at RM1.046**
- **Gearing further reduced to 0.03 times**



**Condensed unaudited consolidated statement of profit or loss and other comprehensive income for the financial period ended 30 September 2023**

	Current quarter 30.9.2023 RM'000	Preceding year corresponding quarter 30.9.2022 RM'000	Current period 30.9.2023 RM'000	Preceding year corresponding period 30.9.2022 RM'000
<b>Revenue</b>	49,616	52,388	49,616	52,388
Cost of sales	(39,571)	(40,686)	(39,571)	(40,686)
<b>Gross profit</b>	10,045	11,702	10,045	11,702
Other operating expenses	(7,957)	(9,613)	(7,957)	(9,613)
Other operating income	313	1,791	313	1,791
<b>Results from operating activities</b>	2,401	3,880	2,401	3,880
Finance income	321	154	321	154
Finance costs	(511)	(348)	(511)	(348)
Share of (loss)/profit of associate	(181)	43	(181)	43
<b>Profit before tax</b>	2,030	3,729	2,030	3,729
Tax expense	(824)	(870)	(824)	(870)
<b>Profit for the period</b>	1,206	2,859	1,206	2,859
<b>Other comprehensive (expense)/income, net of tax</b>				
Foreign currency translation differences for foreign operations	(545)	6,256	(545)	6,256
<b>Total comprehensive income for the period</b>	661	9,115	661	9,115
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company	1,326	3,029	1,326	3,029
Non-controlling interests	(120)	(170)	(120)	(170)
<b>Profit for the period</b>	1,206	2,859	1,206	2,859
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	309	7,276	309	7,276
Non-controlling interests	352	1,839	352	1,839
<b>Total comprehensive income for the period</b>	661	9,115	661	9,115
Basic earnings per ordinary share (sen)	0.493	1.126	0.493	1.126
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 September 2023

	As at 30.9.2023 RM'000	Audited 30.6.2023 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	64,361	64,366
Right-of-use assets	33,649	34,271
Exploration and evaluation assets	128,676	125,721
Other investments	53	53
Other financial assets	1,323	1,939
Investment property	13,605	13,605
Intangible assets	26,134	26,239
Investment in associate	19,901	20,081
<b>Total non-current assets</b>	<u>287,702</u>	<u>286,275</u>
<b>Current assets</b>		
Biological assets	274	282
Receivables, deposits and prepayments	25,992	31,653
Inventories	33,658	38,935
Contract assets	4,060	4,966
Other investments	1,903	2,493
Current tax assets	2,262	2,108
Cash and cash equivalents	63,805	57,355
<b>Total current assets</b>	<u>131,954</u>	<u>137,792</u>
<b>TOTAL ASSETS</b>	<u>419,656</u>	<u>424,067</u>
<b>Equity attributable to owners of the Company</b>		
Share capital	643,671	643,671
Business combination deficit	(157,064)	(157,064)
Reserves	(205,047)	(205,359)
	<u>281,560</u>	<u>281,248</u>
Non-controlling interests	46,261	45,912
<b>Total equity</b>	<u>327,821</u>	<u>327,160</u>
<b>Long term and deferred liabilities</b>		
Borrowings	401	572
Lease liabilities	2,794	3,017
Deferred income	2,606	2,713
Deferred tax liabilities	10,676	10,881
<b>Total long term and deferred liabilities</b>	<u>16,477</u>	<u>17,183</u>
<b>Current liabilities</b>		
Payables and accruals	39,468	43,572
Lease liabilities	1,986	2,268
Tax liabilities	536	231
Deferred income	431	431
Provisions	29,004	28,718
Borrowings	3,933	4,504
<b>Total current liabilities</b>	<u>75,358</u>	<u>79,724</u>
<b>Total liabilities</b>	<u>91,835</u>	<u>96,907</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>419,656</u>	<u>424,067</u>
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 period ended 30 September 2023**

	← 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
<b>At 1 July 2023</b>	643,671	10,788	(44,479)	(157,064)	(171,665)	281,251	45,909	327,160
Total comprehensive (expense)/income for the year	-	(1,017)	-	-	1,326	309	352	661
<b>At 30 September 2023</b>	643,671	9,771	(44,479)	(157,064)	(170,339)	281,560	46,261	327,821

	← 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
<b>At 1 July 2022</b>	643,671	4,028	(44,479)	(157,064)	(176,988)	269,168	45,731	314,899
Total comprehensive income for the period	-	4,246	-	-	3,029	7,275	1,839	9,114
<b>At 30 September 2022</b>	643,671	8,274	(44,479)	(157,064)	(173,959)	276,443	47,570	324,013

(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 period ended 30 September 2023**

	<b>Current period</b>	<b>Preceding year</b>
	<b>30.9.2023</b>	<b>corresponding</b>
	<b>RM'000</b>	<b>period</b>
		<b>30.9.2022</b>
		<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	2,030	3,729
Adjustments for:		
Amortisation of customer relationships	99	99
Amortisation of development costs	7	8
Amortisation of government grant	(108)	(68)
Bearer plants written off	428	-
Changes in fair value of other investments	562	554
Depreciation	2,554	2,395
Fair value changes on biological assets	8	932
Finance costs	511	348
Finance income	(321)	(154)
Provision for warranties (net)	9	18
Share of loss/(profit) of associate	181	(43)
Unrealised foreign exchange gain	(307)	(1,448)
Operating profit before working capital changes	5,653	6,369
Changes in working capital:		
Contract assets	906	(396)
Inventories	4,946	2,742
Payables and accruals	(4,082)	1,340
Receivables, deposits and prepayments	6,445	(1,664)
Cash generated from operations	13,868	8,391
Warranties paid	-	(33)
Taxation paid (net)	(860)	(1,630)
<b>Net cash generated from operating activities</b>	<b>13,008</b>	<b>6,728</b>



**Condensed unaudited consolidated statement of cash flows for the financial period 30 September 2023**  
(continued)

	<b>Current period</b>	<b>Preceding year</b>
	<b>30.9.2023</b>	<b>corresponding</b>
	<b>RM'000</b>	<b>period</b>
		<b>30.9.2022</b>
		<b>RM'000</b>
<b>Cash flows from investing activities</b>		
Exploration and evaluation expenditure incurred	(1,554)	(1,147)
Interest received	321	154
Purchase of property, plant and equipment	(2,631)	(744)
Subscription of an associate	-	(20,000)
<b>Net cash used in investing activities</b>	<u>(3,864)</u>	<u>(21,737)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(511)	(348)
Repayment of bank borrowings – net	(1,245)	(2,159)
<b>Net cash used in financing activities</b>	<u>(1,756)</u>	<u>(2,507)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	7,387	(17,516)
Cash and cash equivalents at beginning of period	57,355	81,742
Effect of foreign exchange fluctuation on cash and cash equivalents	(937)	1,562
<b>Cash and cash equivalents at end of period</b>	<u>63,805</u>	<u>65,788</u>
	<b>As at</b>	<b>As at</b>
	<b>30.9.2023</b>	<b>30.9.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	28,549	31,004
Short term funds	28,998	13,218
Deposits with licensed banks	6,258	21,566
	<u>63,805</u>	<u>65,788</u>

(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. 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 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 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.

**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 2023.

**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 financial year ended 30 June 2023.

The Board does not recommend any dividend for the financial period ended 30 September 2023.

**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 30 September 2023 were as follows:

	<b>RM'000</b>
In respect of:	
- Property, plant and equipment	5,263
- Exploration and development	<u>5,029</u>
Total	<u>10,292</u>

**A11. Contingent liabilities/assets**

As at 30 September 2023, the Company had executed corporate guarantees in favour of licensed financial institutions of up to a limit of 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 RM3.7 million was outstanding at the period 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 period ended 30 September 2023.



### A13. Segmental information

Analysis by business segments being the primary basis of the Group's segmental reporting for the financial period ended 30 September 2023 is as follows:

	<b>Integrated manufacturing services RM'000</b>	<b>Energy RM'000</b>	<b>Resources RM'000</b>	<b>Investment holding RM'000</b>	<b>Consolidation adjustments RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment revenue</b>						
Revenue from external customers	47,580	-	2,036	-	-	49,616
Inter-segment revenue	-	-	-	468	(468)	-
Total revenue	<u>47,580</u>	<u>-</u>	<u>2,036</u>	<u>468</u>		<u>49,616</u>
<b>Segment profit/(loss)</b>						
Share of loss of associate	3,275	(547)	(168)	(810)	461	2,211
<b>Consolidated profit before tax</b>						<u>(181)</u>
						<u>2,030</u>
<b>Segment assets</b>						
Investment in associate	206,569	134,727	40,185	67,699	(75,454)	373,726
Customer relationships						19,901
Goodwill on consolidation						3,848
Consolidated total assets						<u>22,181</u>
						<u>419,656</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 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 which was acquired in the first quarter of the previous financial year is involved in the F&B retail industry.

The Group’s revenue for the current quarter decreased by RM2.8 million versus the preceding year corresponding quarter, due mainly to decrease in the revenue of RM5.5 million from the PMST division, attributable to weak demand caused by macroeconomic headwinds, especially semiconductor market cyclical downturn and also overstocking by customers in prior financial years. In addition revenue from the Resources segment revenue decreased marginally by RM0.2 million, due to decrease in average FFB selling prices offset partially by an increase in FFB production. The above decreases was counter-weighted partially by the increase in revenue from the Automotive division by RM2.9 million, due to robust motor vehicle order backlogs, healthy booking trends, new model launch in the first half of 2023 and facelifts to current models in the market.

Comparing current quarter with preceding year corresponding quarter, the net profit of the Group declined from RM3.0 million to RM1.3 million due mainly to the decrease of RM2.2 million in the net profit of the PMST division as a result of a decline in its revenue as explained above and higher cost incurred. The results from the Automotive division and Resources segment however improved. In tandem with increase in its revenue, the net profit of Automotive division increased RM52,000. Whereas for the Resources segment, despite incurring bearer plants written off of RM0.4 million (in line with its ongoing re-planting program) and marginal decline in revenue, net loss reduced from RM0.7 million to RM0.2 million due mainly to lower fair value loss on biological assets.

**Financial position analysis**

The Group’s cash and cash equivalents increased 11% or RM6.4 million from RM57.4 million as at 30 June 2023 to RM63.8 million as at 30 September 2023, underpinned by higher operating cash inflows for the current quarter vis-à-vis the preceding year corresponding quarter. Comparing as at 30 September 2023 with as at 30 June 2023, the Group’s net assets per share has increased from RM1.045 to RM1.047 whilst the gearing remained healthy and further reduced to 0.03 times from 0.04 times.

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

Revenue of the Group decreased marginally by RM0.3 million from RM49.9 million to RM49.6 million quarter on quarter. This was attributable to a decline in the revenue of the PMST division and Resources segment. Revenue from the PMST division fell by RM3.9 million due to the continuing weak demand caused by macroeconomic headwinds, especially semiconductor market cyclical downturn and also overstocking by customers in prior financial years. The Resources segment registered a decrease of RM0.2 million in its revenue as a result of a decrease in FFB production and decrease in average FFB prices. The above decreases were offset partially by an increase in revenue from the Automotive division due to longer periods of shutdown by customers in view of major festivities during the previous quarter.

The Group's net profit for the current quarter decline by RM1.1 million from the previous quarter to register at RM1.3 million for the current quarter, on the back of a drop of RM3.5 million in the net profit of the PMST division, attributable to a decline in its revenue and lower foreign exchange gains. The above decrease was offset partially by an increase in the net profits from the Automotive division of RM0.5 million in tandem with the increase in its revenue. In addition, the Resources segment recorded a lower net loss underpinned by a decrease in bearer plants written and fair value loss on biological assets.

### **B3. Prospects**

The World Bank reduced its forecast for Malaysian economic growth, as measured by gross domestic product (GDP), to 3.9% this year from 4.3% projected previously, amid substantial deceleration in external demand. For 2024, the Malaysia economy is projected to grow within 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. The inflation risk may prompt further monetary tightening by countries worldwide which in turn will further affect consumer confidence and demand 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. Inventory levels, due to excessive build up in 2022, remain high and may take a longer period to be fully consumed/sold, hence causing further deferment of expansion plans and uncertainty in spending. Nevertheless, the Malaysian economy remains supported by mainly relatively strong domestic demand.

New car sales in Malaysia may surpass the 725,000 units total industry volume ("TIV") that was the latest upward revised forecast by the Malaysian Automotive Association for 2023. As it is the TIV for the 9-month period ended September 2023 stands at 571,767 units. However car sales could fall to 650,000 units in 2024 following the delivery of the high backlog orders of 200,000 units in 2023.

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, strategies and action plans are in place to actively strengthen customer relationships, regain 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 which is on schedule to be completed by end 2023 is expected to 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<sup>2</sup> (or 13% of the total acreage of the Tanjung Enim Gross Split PSC) where the Indonesia Research and Development Center for Oil and Gas Technology ("LEMIGAS") has confirmed and certified reserves totalling ~164.89 Bscf in these areas. With the Tanjung Enim POD 1 approval and the environmental permit being secured in September 2023, for the Tanjung Enim Gross Split PSC, the Energy segment can negotiate commercial terms for gas sales with interested parties. The POD 1 implementation will be carried out in stages with the objective to achieve early gas sales by targeting the underserved market within South Sumatra which would help the industry in the vicinity to gradually migrate from using non-environmentally friendly fuel to clean energy.

### **B4. Financial Forecast and Profit Guarantee**

Not applicable.

**B5. Corporate proposals**

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

**B6. Borrowings**

The Group's borrowings as at 30 September 2023 were all secured. The borrowings denominated in foreign currency and RM as at 30 September 2023 were as follows:

	<b>RM'000</b>
Foreign Currency:	
- IDR318,681,458 @ IDR:RM of 3,289:1	97
RM	<u>4,236</u>
Total Group Borrowings	<u>4,333</u>

**B7. Material litigation**

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

**B8. Taxation**

The tax expense for the current quarter is as follows:

	<b>Current quarter 30.9.2023 RM'000</b>
<b>Income tax expense</b>	
Malaysia - current year	522
- overprovision in prior year	(32)
Overseas - current	<u>535</u>
	1,025
<b>Deferred tax expense</b>	
Malaysia - current year	<u>(161)</u>
Total tax expense	<u>824</u>

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, Resources and Investment Holding segments.

**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:

	<b>Current quarter</b>
Profit attributable to owners of the Company (RM'000)	1,326
Weighted average number of ordinary shares ('000)	<u>269,120</u>
Basic earnings per share (sen)	<u>0.493</u>

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 the period end.

**B10. Exploration and development expenditure/activities**

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

	RM'000
<b>Carrying amount</b>	
At 1 July 2023	125,721
Effect of movements in exchange rates	1,401
Additions	<u>1,554</u>
At 30 September 2023	<u>128,676</u>

**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 now in a position to work towards completion of the final preparations for early gas production/sales for the project under the development phase of the commercialisation pathway for the Tanjung Enim asset. The Energy segment is currently awaiting the approval of gas price and gas volume allocation, a requirement before commencing gas sales, from the Indonesian Ministry of Energy and Mineral Resources (“MEMR”). The Energy segment will commence with a modest initial phase of gas sales, estimated at one million standard cubic feet per day (“mmscfd”) of Coal Bed Methane (“CBM”) to its downstream offtake partner PT. Laras Ngarso Gede (“Laras Energy”). This offtake will underpin the initial phase of the project, progressing production to 25 mmscfd of gas as approved under the Tanjung Enim POD 1. On 10 February 2023, the Energy segment signed a Heads of Agreement with Laras Energy, which was later extended on 10 August 2023, for the supply and sale commitment by the Energy segment and the purchase commitment by Laras Energy, of CBM produced from Tanjung Enim’s POD 1. The Energy segment is currently working on a draft Gas Sales Agreement with Laras Energy, which will include more detailed agreed terms. The Energy segment has now identified locations for four early gas wells, a production facility and the subsequent flow lines for the early generation of gas at Tanjung Enim.

On 23 May 2023 the Directorate General of Oil & Gas from MEMR, 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. Further detail on this proposed split is expected to be provided before the end of 2023 and will be critical for the Indonesian CBM industry.

**Muralim PSC**

The Energy segment continues to undertake the dewatering process on MU-005TW well to determine its gas production data. The Energy segment is currently also preparing to activate an existing well MU-006, which is adjacent to MU-005TW, to accelerate the dewatering process and expedite gas flows. 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 gross revenue share (95%) under the revised gross split scheme signalled by MEMR, the Energy segment has applied for conversion of its PSC from a cost-recovery scheme to a gross split based PSC. 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 a response from Indonesian Government's gas development agency, SKK Migas, indicating this application will be processed after the release of the detailed guidance and rules of the new gross split scheme at the end of this calendar year. Concurrently, the Energy segment has applied for an extension of time to submit the POD while waiting for MEMR to process and approve the gross split conversion.

## Muara Enim II

In the current quarter the Energy segment undertook a geological study and preliminary survey for four core hole wellsite's to fulfil the firm commitments. The results of the preliminary survey show that most of the proposed locations are in good road conditions. The coring operation is on track to complete before the exploration period deadline of 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 30.9.2023 RM'000	Preceding year corresponding quarter 30.9.2022 RM'000	Current period 30.9.2023 RM'000	Preceding year corresponding period 30.9.2022 RM'000
Amortisation of customer relationships	(99)	(99)	(99)	(99)
Amortisation of development costs	(7)	(8)	(7)	(8)
Amortisation of government grant	108	68	108	68
Bearer plants written off	(428)	-	(428)	-
Changes in fair value of other investments	(562)	(554)	(562)	(554)
Depreciation	(2,554)	(2,395)	(2,554)	(2,395)
Fair value changes on biological assets	(8)	(932)	(8)	(932)
Foreign exchange gain	543	1,835	543	1,835
Provision for warranties (net)	(9)	(18)	(9)	(18)
Rental income	3	3	3	3