GLOBALTEC FORMATION BERHAD

(Incorporated in Malaysia)

Reg. No. 201101024895 (953031-A)

THIRD QUARTERLY REPORT
FINANCIAL YEAR 2024

HIGHLIGHTS

- **The Group registers net profit of RM1.3 million and RM5 million for the current quarter and current period respectively**
- **Cash/Cash equivalents increased to RM83.1 million from last financial year end**
- **Net operating cash inflow of RM24 million**
- **Net assets increased to RM282 million**
- **Net assets per share increased to RM1.046**
- **Gearing increased from 0.04 times to 0.08 times**

Condensed unaudited consolidated statement of profit or loss and other comprehensive income for the financial period ended 31 March 2024

	Current quarter 31.3.2024 RM'000	Preceding year corresponding quarter 31.3.2023 RM'000	Current period 31.3.2024 RM'000	Preceding year corresponding period 31.3.2023 RM'000
Revenue	46,570	52,943	143,953	161,601
Cost of sales	(37,428)	(41,879)	(114,357)	(125,926)
Gross profit	9,142	11,064	29,596	35,675
Other operating expenses	(7,627)	(8,351)	(24,702)	(26,535)
Other operating income	432	274	915	2,199
Results from operating activities	1,947	2,987	5,809	11,339
Finance income	325	140	976	380
Finance costs	(97)	(141)	(794)	(587)
Share of profit/(loss) of associate	40	(22)	564	241
Profit before tax	2,215	2,964	6,555	11,373
Tax expense	(789)	(1,213)	(2,238)	(3,860)
Profit for the period	1,426	1,751	4,317	7,513
Other comprehensive income/(expense), net of tax				
Foreign currency translation differences for foreign operations	2,790	1,533	(1,417)	(186)
Total comprehensive income for the period	4,216	3,284	2,900	7,327
Profit/(Loss) attributable to:				
Owners of the Company	1,323	1,743	5,030	7,809
Non-controlling interests	103	8	(713)	(296)
Profit for the period	1,426	1,751	4,317	7,513
Total comprehensive income/(expense) attributable to:				
Owners of the Company	3,223	3,601	3,220	7,533
Non-controlling interests	993	(317)	(320)	(206)
Total comprehensive income for the period	4,216	3,284	2,900	7,327
Basic earnings per ordinary share (sen)	0.492	0.648	1.869	2.902
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 31 March 2024

	As at 31.3.2024 RM'000	Audited 30.6.2023 RM'000
Non-current assets		
Property, plant and equipment	61,110	64,366
Right-of-use assets	32,405	34,271
Exploration and evaluation assets	130,842	125,721
Other investments	53	53
Other financial assets	1,326	1,939
Investment property	13,605	13,605
Intangible assets	25,932	26,239
Investment in associate	20,646	20,081
Total non-current assets	285,919	286,275
Current assets		
Biological assets	224	282
Receivables, deposits and prepayments	28,670	31,653
Inventories	26,573	38,935
Contract assets	3,114	4,966
Other investments	508	2,493
Current tax assets	2,173	2,108
Cash and cash equivalents	83,098	57,355
Total current assets	144,360	137,792
TOTAL ASSETS	430,279	424,067
Equity attributable to owners of the Company		
Share capital	643,671	643,671
Business combination deficit	(157,064)	(157,064)
Reserves	(205,096)	(205,359)
	281,511	281,248
Non-controlling interests	45,502	45,912
Total equity	327,013	327,160
Long term and deferred liabilities		
Borrowings	12,704	572
Lease liabilities	2,148	3,017
Deferred income	2,390	2,713
Deferred tax liabilities	10,282	10,881
Total long term and deferred liabilities	27,524	17,183
Current liabilities		
Payables and accruals	38,893	43,572
Lease liabilities	1,632	2,268
Tax liabilities	81	231
Deferred income	431	431
Provisions	29,072	28,718
Borrowings	5,633	4,504
Total current liabilities	75,742	79,724
Total liabilities	103,266	96,907
TOTAL EQUITY AND LIABILITIES	430,279	424,067
Net assets per share attributable to owners of the Company (RM)	1.046	1.045

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

Condensed unaudited consolidated statement of changes in equity for the financial period ended 31 March 2024

	Attributable to owners of the Company							
	Share capital	Foreign currency translation reserve	Fair value adjustment reserve	Business combination deficit	Accumulated losses	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2023	643,671	10,788	(44,479)	(157,064)	(171,665)	281,251	45,909	327,160
Total comprehensive (expense)/income for the year	-	(1,810)	-	-	5,030	3,220	(320)	2,900
Dividend paid to owners of the Company	-	-	-	-	(2,960)	(2,960)	-	(2,960)
Dividend paid to non-controlling interest by a subsidiary	-	-	-	-	-	-	(86)	(86)
At 31 March 2024	643,671	8,978	(44,479)	(157,064)	(169,595)	281,511	45,502	327,013

	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 2022	643,671	4,028	(44,479)	(157,064)	(176,988)	269,168	45,731	314,899
Total comprehensive (expense)/income for the period	-	(276)	-	-	7,809	7,533	(206)	7,327
Dividend paid to owners of the Company	-	-	-	-	(4,844)	(4,844)	-	(4,844)
Dividend paid to Non-controlling interest by subsidiaries	-	-	-	-	-	-	(450)	(450)
At 31 March 2023	643,671	3,752	(44,479)	(157,064)	(174,023)	271,857	45,075	316,932

(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 31 March 2024

	Current period 31.3.2024 RM'000	Preceding year corresponding period 31.3.2023 RM'000
Cash flows from operating activities		
Profit before tax	6,555	11,373
Adjustments for:		
Amortisation of customer relationships	296	296
Amortisation of development costs	48	25
Amortisation of government grant	(324)	(226)
Bearer plants written off	909	-
Changes in fair value of other investments	845	(130)
Depreciation	7,614	7,339
Fair value changes on biological assets	58	874
Finance costs	794	587
Finance income	(976)	(380)
Gain on disposal of property, plant and equipment	(216)	-
Provision for warranties (net)	39	71
Share of profit of associate	(564)	(241)
Unrealised foreign exchange loss	(241)	(275)
Operating profit before working capital changes	14,837	19,313
Changes in working capital:		
Contract assets	1,852	1,101
Inventories	11,820	(901)
Payables and accruals	(5,441)	(483)
Receivables, deposits and prepayments	3,674	(1,424)
Cash generated from operations	26,742	17,606
Warranties paid	(38)	(89)
Taxation paid (net)	(3,020)	(5,100)
Net cash generated from operating activities	23,684	12,417

Condensed unaudited consolidated statement of cash flows for the financial period 31 March 2024 (continued)

	Current period 31.3.2024 RM'000	Preceding year corresponding period 31.3.2023 RM'000
Cash flows from investing activities		
Development costs paid	(36)	-
Exploration and evaluation expenditure incurred	(3,473)	(3,347)
Interest received	976	380
Proceeds from disposal of other investments	1,129	-
Proceeds from disposal of property, plant and equipment	220	-
Purchase of property, plant and equipment	(3,907)	(5,745)
Subscription of an associate	-	(20,000)
Net cash used in investing activities	(5,091)	(28,712)
Cash flows from financing activities		
Dividends paid to shareholders	(2,960)	(4,844)
Dividends paid to non-controlling interest	(86)	(450)
Interest paid	(794)	(587)
Receipt of government grant	-	1,543
Proceeds from/(repayment) of bank borrowings – net	11,759	(4,129)
Net cash generated from/(used in) financing activities	7,919	(8,467)
Net increase/(decrease) in cash and cash equivalents	26,512	(24,762)
Cash and cash equivalents at beginning of period	57,355	81,742
Effect of foreign exchange fluctuation on cash and cash equivalents	(769)	(208)
Cash and cash equivalents at end of period	83,098	56,772

	As at 31.3.2024 RM'000	As at 31.3.2023 RM'000
Cash and bank balances	28,711	33,045
Short term placement funds	49,676	5,997
Deposits with licensed banks	4,712	17,730
	83,098	56,772

(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 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 2024.

A7. Dividends

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

The Board does not recommend any dividend for the financial period ended 31 March 2024.

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 2024 were as follows:

	RM'000
In respect of:	
- Property, plant and equipment	2,662
- Exploration and development	5,089
Total	7,751

A11. Contingent liabilities/assets

As at 31 March 2024, the Company had executed corporate guarantees in favour of licensed financial institutions of up to a limit of RM20.9 million (30 June 2023: RM22.7 million) for credit facilities granted to subsidiaries. Out of the total banking facilities secured by corporate guarantees by the Company, a total of RM2.9 million (30 June 2023: RM4.8 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 31 March 2024.

A13. Segmental information

Analysis by business segments being the primary basis of the Group's segmental reporting for the financial period ended 31 March 2024 is as follows:

	Integrated manufacturin services RM'000	Energy RM'000	Resources RM'000	Investment holding RM'000	Consolidation adjustments RM'000	Consolidated RM'000
Segment revenue						
Revenue from external customers	138,499	-	5,454	-	-	143,953
Inter-segment revenue	-	-	-	1,360	(1,360)	-
Total revenue	138,499	-	5,454	1,360		143,953
Segment profit/(loss)	10,679	(2,065)	(1,140)	(2,471)	988	5,991
Share of profit of associate						564
Consolidated profit before tax						6,555
Segment assets	201,584	134,266	38,132	78,412	(68,593)	383,801
Investment in associate						20,646
Customer relationships						3,651
Goodwill on consolidation						22,181
Consolidated total assets						430,279

OTHER NOTES PURSUANT TO BURSA MALAYSIA'S MAIN MARKET LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

B1. Review of performance

The Integrated Manufacturing Services ("IMS") segment comprises the following divisions:

i) precision machining, stamping and tooling ("PMST division"); and
ii) automotive components design and manufacturing ("Automotive division").

The Resources segment is principally involved in the harvesting and selling of fresh fruit bunches of oil palm ("FFB") whereas the Energy segment is principally involved in the exploration and production of unconventional gas i.e., coal bed methane ("CBM") but has not commenced commercial production yet. The associate is involved in the food and beverage retail industry.

The Group's revenue for the current quarter decreased by RM6.4 million versus the preceding year corresponding quarter, due to decrease in the revenue of the IMS and Resources segments by RM5.7 million and RM0.6 million respectively. Revenue from the PMST and Automotive division declined by RM2.4 million and RM3.3 million respectively. The IMS segment's revenue dropped as a result of weak demand . The fall in Automotive division's revenue was also in part due to the 'end of life' for a certain car model since the previous quarter. Revenue from the Resources segment decreased as a result of a decrease in both the average FFB selling prices and FFB production.

Comparing current quarter with preceding year corresponding quarter, the net profit of the Group declined marginally from RM1.7 million to RM1.3 million due mainly to an increase of RM0.5 million in the effective share of net losses from the Energy segment and a marginal drop of RM0.2 million in the net profit from the IMS segment. The Energy segment recorded a fair value loss on other investment of RM0.1 million and foreign exchang losses for the current quarter versus a fair value gain of RM0.4 million and foreign exchange gain in the preceding year corresponding quarter. As for the IMS segment divisions, in tandem with the decline in revenue, the Automotive division's net profit decreased by RM0.4 million. Whereas for the PMST division, despite the decline in revenue, its net profit inched up RM0.2 million attributable to higher foreign exchange gains and lower tax expense. The decrease in results from the Energy segment and IMS segment was partially offset by the improvement in results from the Resources segment and the associate. Despite the decline in revenue, the Resources segment registered a minimal decrease of RM0.1 million in its net loss, attributable to lower manuring charges. The associate registered a turnaround from a share of net loss of RM22,000 in the preceding year corresponding quarter to a share of net profit of RM40,000 for the current quarter on the back of relatively better consumer sentiment.

The Group's cash and cash equivalents increased 45% or RM25.7 million from RM57.4 million as at 30 June 2023 to RM83.1 million as at 31 March 2024, underpinned by higher operating cash inflows for the current period of RM23.7 million vis-à-vis RM12.4 million for the preceding year corresponding period and a net drawdown of bank borrowings of RM11.8 million during the current period. Comparing as at 31 March 2024 with as at 30 June 2023, the Group's net assets per share has increased marginally from RM1.045 to RM1.046 due mainly to net profit for the period of RM5.0 million counterweighed partially by dividend paid to shareholders of RM3 million and foreign exchange translation losses of RM1.8 million. The Group's gearing increased from 0.04 times to 0.08 times as a result of the net drawdown in bank borrowings mentioned earlier.

B2. Material changes from the preceding quarter

Revenue of the Group decreased marginally by RM1.2 million from RM47.8 million to RM46.6 million quarter on quarter. This was attributable to a decline in the revenue of IMS and Resources segments by RM0.5 million and RM0.7 million respectively. The IMS segment revenue declined due to a drop in the revenue of the Automotive division by RM1.3 million underpinned by the 'end of life' for a certain car model and the current quarter being a shorter quarter and having festive holidays. This was partially offset by an increase of RM0.8 million in the revenue from the PMST division due to an improvement in demand. The revenue from the Resources segment fell due to the decrease in FFB production but was offset to some extent by an increase in FFB prices.

The Group's net profit for the current quarter declined from RM2.4 million in the previous quarter to RM1.3 million. This was attributable mainly to higher net losses incurred by the Energy segment on the back of higher fair value loss on other investment, offset partially by PMST division's higher net profits of RM2.9 million, which increased by RM0.6 million as a result of its higher revenue. In tandem with the decline in revenue, the Automotive division recorded a drop of RM0.3 million in its net profit. The share of profit from associate declined from RM0.7 million to RM40,000 quarter on quarter due to relatively weaker consumer sentiment and the current quarter being a shorter quarter and coincided with the Ramadan fasting period.

B3. Prospects

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. In addition, upcoming elections around the world may bring about uncertainties and may affect markets negatively. Cost-wise, raw material prices remain elevated although the prices have come down from its peak. In Malaysia, the increase in energy costs arising from the electricity tariff adjustments and mandatory wage and wage-related adjustments further exacerbate costs of production. Nevertheless, the Malaysian economy remains supported by mainly strong domestic demand.

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

Taking cognisance of the above, the Group's businesses remain vigilant of its costs and sustainability to mitigate the impact of slower growth and demand. In addition, action plans are in place to actively strengthen customer relationships, 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 has been completed in April 2024 and will gradually contribute positively to the revenue, profits and cash flows of the Group.

On 17 June 2021, the Energy segment achieved a major milestone as the Indonesian Ministry of Energy and Mineral Resources ("MEMR") has approved the Energy segment's first plan of development ("POD") for the Tanjung Enim production sharing contract ("PSC") under a gross split scheme (referred to as Tanjung Enim POD 1) in South Sumatra which will allow the PSC to proceed to field development and surface facility construction. The approval of the Tanjung Enim POD 1 also represents the first CBM POD in Indonesia. The Tanjung Enim POD 1 approval covers the development of 209 wells in two target areas, in the north and south of the contract area covering ~33km^2 (or 13% of the total acreage of the Tanjung Enim Gross Split PSC) where the Indonesia Research and Development Center for Oil and Gas Technology ("LEMIGAS") has confirmed and certified reserves totalling ~164.89 Bscf in these areas. 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 31 March 2024 were all secured. The borrowings denominated in foreign currency and RM as at 31 March 2024 were as follows:

	RM'000
Foreign Currency:	
- IDR210,671,528 @ IDR:RM of 3,356:1	63
RM	18,274
Total Group Borrowings	18,337

B7. Material litigation

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

B8. Taxation

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

	Current quarter 31.3.2024 RM'000	Current period 31.3.2024 RM'000
Income tax expense		
Malaysia - current year	399	1,410
- under provision in prior year	49	17
Overseas - current	447	1,402
	894	2,829
Deferred tax expense		
Malaysia - current year	(106)	(551)
- over provision in prior year	-	(40)
Total tax expense	789	2,238

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, 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 financial period was computed as follows:

	Current quarter	Current period
Profit attributable to owners of the Company (RM'000)	1,323	4,990
Weighted average number of ordinary shares ('000)	269,120	269,120
Basic earnings per share (sen)	0.492	1.854

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 follows:

	RM'000
Carrying amount	
At 1 July 2023	125,721
Effect of movements in exchange rates	1,648
Additions	3,473
At 31 March 2024	130,842

Tanjung Enim PSC

The Energy segment secured the environmental permit dated 26 September 2023 from the Indonesian Ministry of Environment and Forestry for the Tanjung Enim POD 1. With the approval, the Energy segment is in a position to work towards the final preparations for early gas production/sales for the Tanjung Enim asset. The Energy segment is awaiting the approval of gas price and gas volume allocation from the Indonesian Ministry of Energy and Mineral Resources ("MEMR"), before commencing gas sales. The Energy segment will commence with a modest phase of initial gas sales, estimated at one million standard cubic feet per day ("mmscfd") of coal bed methane ("CBM") and subsequently 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 ("HOA") with PT Laras Ngarso Gede ("Laras Energy"), which was later extended on 27 March 2024, 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 continues to develop its CBM market surveys and business development program to other end users in South Sumatra. The Energy segment has received several keen interests for the purchase of CBM, from other users and premised on this, the Energy segment will endeavour to progress towards the signing of HOA with selected end user(s). The Energy segment has identified locations for four early gas wells, a production facility and the subsequent flow lines for the early generation of gas at Tanjung Enim. The Energy segment will complete the acquisition of the identified sites and carry out land clearing and drilling site preparation activities on these identified locations in due course.

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

Muralim PSC

The Energy segment continues to undertake the dewatering process on MU-005TW and MU-006 well to determine its gas production data.

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

Muara Enim PSC

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

Muara Enim II

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

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

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

	Current quarter 31.3.2024 RM'000	Preceding year corresponding quarter 31.3.2023 RM'000	Current period 31.3.2024 RM'000	Preceding year corresponding period 31.3.2023 RM'000
Amortisation of customer relationships	(99)	(99)	(296)	(296)
Amortisation of development costs	(15)	(8)	(48)	(25)
Amortisation of government grant	108	90	324	226
Bearer plants written off	-	-	(909)	-
Changes in fair value of other investments	(119)	379	(845)	130
Depreciation	(2,541)	(2,707)	(7,614)	(7,339)
Fair value changes on biological assets	(20)	(17)	(58)	(874)
Foreign exchange (loss)/gain	588	30	673	530
Gain on disposal of property, plant and equipment	216	-	216	-
Provision for warranties (net)	(13)	(18)	(39)	(71)