



GFM SERVICES BERHAD
(Company No: 1033141-H)
(Incorporated in Malaysia)

Year 2017
Quarterly Announcement
For the First Quarter Ended 31 March 2017

GFM SERVICES BERHAD (Company No: 1033141-H)

The Board of Directors of GFM Services Berhad ("GFMSB" or the "Company") ("Board") is pleased to announce the following unaudited consolidated results for the quarter and financial period ended ("FPE") 31 March 2017.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND FINANCIAL PERIOD ENDED ENDED 31 MARCH 2017⁽¹⁾

	Note	Individual quarter		Cummulative quarter	
		31/03/17 RM'000	31/3/2016 ⁽²⁾ RM'000	31/03/17 RM'000	31/3/2016 ⁽²⁾ RM'000
Revenue	A9	23,754	N/A	23,754	N/A
Cost of sales		(16,627)	N/A	(16,627)	N/A
Gross profit		7,127	N/A	7,127	N/A
Other income		450	N/A	450	N/A
Administrative expenses		(3,566)	N/A	(3,566)	N/A
Other operating expenses		(738)	N/A	(738)	N/A
Profit from operation		3,273	N/A	3,273	N/A
Finance costs		(555)	N/A	(555)	N/A
Profit before tax	B12	2,718	N/A	2,718	N/A
Tax expense	B5	(771)	N/A	(771)	N/A
Profit for the period		1,947	N/A	1,947	N/A
Other comprehensive income					
Fair value gain on available-for-sale financial assets		3	N/A	3	N/A
Total comprehensive income for the period		3	N/A	3	N/A
Profit for the period attributable to:					
Equity holders of the parent		1,947	N/A	1,947	N/A
Non-controlling interests		-	N/A	-	N/A
		1,947	N/A	1,947	N/A
Total comprehensive income for the period attributable to:					
Equity holders of the parent		1,950	N/A	1,950	N/A
Non-controlling interests		-	N/A	-	N/A
		1,950	N/A	1,950	N/A
Earnings per share (sen)					
- Basic ⁽³⁾		0.005	N/A	0.005	N/A
- Diluted ⁽⁴⁾		0.005	N/A	0.005	N/A
Dividends per share (sen)		-	N/A	-	N/A

Notes:

- (1) The Condensed Consolidated Statements of Profit or Loss And Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.
- (2) There are no comparative figures for the preceding year's quarter available as no interim financial report was prepared for the comparative financial period concerned.
- (3) Basic earnings per share is calculated based on the Company's share capital of 428,102,942 ordinary shares of RM0.10 each as at 31 March 2017.
- (4) Diluted earnings per share of the Company for the individual quarter and financial period ended 31 March 2017 is equivalent to the basic earnings per share as the Company and its subsidiaries ("GFM Group" or "Group") does not have convertible options at the end of the reporting period.

N/A Not applicable

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017⁽¹⁾

	Unaudited as at 31/03/17 RM'000	Audited as at 31/12/16 RM'000
Note		
ASSETS		
Non-current assets		
Property, plant and equipment	18,457	18,036
Intangible assets	28,978	29,282
Other investments	531	528
Total non-current assets	47,966	47,846
Current assets		
Tax recoverable	1,998	2,013
Trade receivables	17,754	15,597
Other receivables, deposits & prepayments	7,945	10,035
Cash and cash equivalents	21,063	20,428
Total current assets	48,760	48,073
Total assets	96,726	95,919
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	48,038	42,810
Share premium	-	5,228
Retained earnings	56,248	54,301
Fair value reserve	31	28
Reorganisation deficit	(41,207)	(41,207)
Total equity	63,110	61,160
Non-current liabilities		
Borrowings	10,456	7,642
Deferred tax liabilities	4,991	5,064
Total non-current liabilities	15,447	12,706
Current liabilities		
Borrowings	1,648	8,126
Tax payable	5	5
Trade payables	4,693	6,198
Other payables and accruals	11,250	7,151
Amount owing to directors	573	573
Total current liabilities	18,169	22,053
Total liabilities	33,616	34,759
Total equity and liabilities	96,726	95,919
Net assets per ordinary share attributable to ordinary equity holders of the Company (RM) ⁽³⁾	0.15	0.14

Notes:

(1) The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR FINANCIAL PERIOD ENDED 31 MARCH 2017⁽¹⁾⁽²⁾

	----- Non-Distributable Reserves -----				Distributable reserves	
	Share capital RM'000	Share premium RM'000	Fair value reserve RM'000	Reorganisation Deficit RM'000	Retained earnings RM'000	Total Equity RM'000
Balance as of 1 January 2017	42,810	5,228	28	(41,207)	54,301	61,160
Adjustment for effects of Companies Act 2016 (Note 3)	5,228	(5,228)	-	-	-	-
Total comprehensive income for the period	-	-	3	-	1,947	1,950
Balance as of 31 March 2017	<u>48,038</u>	<u>-</u>	<u>31</u>	<u>(41,207)</u>	<u>56,248</u>	<u>63,110</u>

Notes:

- (1) *The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.*
- (2) *There are no comparative figures for the preceding year's quarter available as no interim financial report was prepared for the comparative financial period concerned.*
- (3) *With the Companies Act 2016 ("the New Act") coming into effect on 31 January 2017, the credit standing in the share premium and capital redemption reserve accounts has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium and capital redemption reserve accounts within 24 months after the commencement of the New Act.*

UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017⁽¹⁾

	Current year-to-date 31/03/17 RM'000	Corresponding year ended 31/03/2016 ⁽²⁾ RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before tax	2,718	N/A
Adjustment for:		
Amortisation of intangible assets	304	N/A
Depreciation of property, plant and equipment	79	N/A
Impairment loss on trade receivables	638	N/A
Interest expense	555	N/A
Interest income	(94)	N/A
Property, plant and equipment written off	*	N/A
	<u>4,200</u>	<u>N/A</u>
Movements in working capital:		
Decrease/(Increase) in:		
Trade and other receivables	(705)	N/A
(Decrease)/Increase in:		
Trade and other payables	2,595	N/A
Cash Generated From Operations	<u>6,090</u>	<u>N/A</u>
Income tax paid	(829)	N/A
Interest paid	(555)	N/A
Interest received	94	N/A
Net Cash From Operating Activities	<u>4,800</u>	<u>N/A</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Drawdown of fixed deposits	1,072	N/A
Placement of fixed deposits	(263)	N/A
Purchase of property, plant and equipment	(501)	N/A
Net Cash Used In Investing Activities	<u>308</u>	<u>N/A</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown/(Repayment) of finance lease payables	(21)	N/A
Obtain term loan	2,775	N/A
Repayment of borrowings	(7,441)	N/A
Repayment to directors	*	N/A
Net Cash From Financing Activities	<u>(4,687)</u>	<u>N/A</u>
NET INCREASE OF CASH AND CASH EQUIVALENTS	421	N/A
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	-	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD, 1 JANUARY 2017	<u>6,689</u>	<u>N/A</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD, 31 MARCH 2017	<u>7,110</u>	<u>N/A</u>
Cash and cash equivalents comprise:		
Cash and bank balances	8,140	N/A
Fixed deposits with a licensed bank	<u>12,923</u>	<u>N/A</u>
	<u>21,063</u>	<u>N/A</u>
Less: Bank overdraft	(1,030)	N/A
Deposits pledged as securities	(8,923)	N/A
Fixed deposits with licensed banks not pledged but with maturities more than three (3) months	<u>(4,000)</u>	<u>N/A</u>
	<u>7,110</u>	<u>N/A</u>

Notes:

(1) The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

(2) There are no comparative figures for the preceding year's quarter available as no interim financial report was prepared for the comparative financial period concerned.

N/A Not applicable

* Denotes < RM1,000

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2017**A COMPLIANCE WITH MALAYSIA FINANCIAL REPORTING STANDARD (MFRS) 134: INTERIM FINANCIAL REPORTING AND THE LISTING REQUIREMENTS OF BURSA SECURITIES****A1 Basis of preparation**

This condensed consolidated interim financial report is unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34 *Interim Financial Reporting* and Rule 9.22 and Appendix 9B of the Listing Requirements.

This is the second interim financial report on the condensed consolidated results for the quarter ended 31 March 2017 announced by the Company in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding period.

The accounting policies and methods of computation adopted by the Group in this unaudited condensed consolidated interim financial report are consistent with those adopted in the annual financial statements of the Group. This unaudited condensed consolidated interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

The accompanying explanatory notes attached to this unaudited condensed consolidated interim financial report provide an explanation of events and transaction that are significant to an understanding of the changes in the financial position and performance of GFM Group since the financial year ended ("FYE") 31 December 2016.

A2 Changes in Accounting Policies

The significant accounting policies adopted in this unaudited condensed consolidated interim financial report are consistent with those adopted as disclosed in the audited financial statements of the Group for the FYE 31 December 2016, except for the following as they are not yet effective for the financial period:

MFRS 1	Amendments to MFRS 1 (Annual Improvements to MFRS Standards 2014–2016 Cycle)
MFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)
MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)
MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)
MFRS 15	Revenue from Contracts with Customers
MFRS 15	Clarifications to MFRS 15
MFRS 16	Leases
MFRS 140	Transfers of Investment Property (Amendments to MFRS 140)

A3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the preceding audited financial statements of the Group for the FYE 31 December 2016 were not subject to any qualification.

A4 Seasonal or Cyclical Factors

The Group's business operations are not materially affected by seasonal or cyclical factors during the current financial quarter and financial period under review.

A5 Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter and current financial period under review.

A6 Changes in Estimates

There were no changes in estimates that have had a material effect in the during the current financial quarter and current financial period under review.

A7 Changes in Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the financial quarter and current financial period under review.

A8 Dividends Paid

There was no dividend paid during the current financial quarter and current financial period under review.

A9 Segmental Information

No segment reporting is prepared as the principal activities of the Group are predominantly carried out in Malaysia and are engaged in a single business segment of facilities management services.

A10 Valuation of Property, Plant and Equipment

There were no valuations of property, plant and equipment during the current financial quarter and current financial period under review.

A11 Material Events Subsequent to the end of the current quarter

There were no material events subsequent to the current quarter ended.

A12 Changes in the Composition of the Group

There were no other material changes in the composition of the Group for the current financial quarter under review.

A13 Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as at the date of this interim financial report.

A14 Capital Commitments

Capital commitments in respect of property, plant and equipment not provided for in the interim financial report are as follows:

	Unaudited as at
	31/03/17
	RM'000
Approved and contracted for	3,302
Approved but not contracted for	-
	<u>3,302</u>

B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS
B1 Review of Performance

The Group's revenue are mainly derived from its facilities management services.

The Group recorded revenue of RM 23,753,922 and profit before tax of RM 2,718,588 for the current financial quarter and revenue of RM 92,077,013 and profit before tax of RM 18,649,545 for the financial period ended 31 December 2016.

The major contributor to the Group's revenue during the current quarter and current financial period under review was from the facilities management services operations segment. Our Group recorded revenue from this segment of RM 23,753,922 which accounted approximately 100% of the total revenue recorded for the current financial period under review.

No comparative figures for the preceding corresponding quarter and preceding financial year are available as this is the first interim financial report on the consolidated results for the financial quarter ended 31 December 2016 being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

B2 Comparison with preceding quarter's results

	Unaudited Current Quarter 31/03/17 RM'000	Unaudited Preceding Quarter 31/12/16 RM'000	Variance RM'000	%
Revenue	23,754	25,211	(1,457)	-5.78%
Profit before tax	2,718	4,499	(1,781)	-39.59%

For the current quarter 1Q2017, the Group's revenue has decreased by RM 1.457 million or 5.78% from RM 25.211 million recorded in the preceding quarter ended 31 December 2016 ("4Q2016"). The decrease in revenue was mainly due to higher facilities management-related Variation Orders (VOs) revenue recognised in the preceding quarter.

The gross profit margin has increased from 26% in the 4Q2016 to 30% in the 1Q2017. The increased in gross profit margin was mainly due to lower cost of sales.

In view of the above, the Group's PBT has decreased by RM 1.781 million as compared to the 4Q2016.

B3 Prospects

Barring any unforeseen circumstances, the Board is of the opinion that the prospects of the Group's financial performance for the financial year ending 31 December 2017 will remain favourable.

B4 Variance between Actual Profit and Forecast Profit

The Group has not provided any revenue or profit forecast in any public documents and announcements.

B5 Taxation

	Individual quarter		Cummulative quarter	
	31/03/17 RM'000	31/3/2016 ⁽²⁾ RM'000	31/03/17 RM'000	31/3/2016 ⁽²⁾ RM'000
Income tax				
Current period	844	N/A	844	N/A
Prior period	-	N/A	-	N/A
	<u>844</u>	<u>N/A</u>	<u>844</u>	<u>N/A</u>
Deferred tax				
Current period	(73)	N/A	(73)	N/A
Prior period	-	N/A	-	N/A
	<u>771</u>	<u>N/A</u>	<u>771</u>	<u>N/A</u>

Notes:

N/A Not applicable

No comparative figures for the preceding corresponding quarter and preceding financial year are available as this is the second interim financial report on the consolidated results for the financial quarter ended 31 March 2017 being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

The effective tax rate for the current quarter and current financial period under review of 28%, were higher than the statutory tax rate of 24%. The variances were mainly due to higher non-deductible expenditure.

On 17 January 2007, Defined Search Sdn Bhd ("DSSB"), a wholly owned subsidiary of GFMSB was granted MSC Status. As such, DSSB was then granted Pioneer Status with effect from 16 January 2008. Therefore, DSSB would be able to enjoy tax free status that is renewable up to 15 January 2018.

B6 Unquoted investments and properties

There were no purchases or sales of unquoted investment or properties for the current financial quarter and current financial period under review.

B7 Quoted securities

There were no acquisitions or disposals of quoted securities for the current financial quarter and the financial period to date.

B8 Borrowings and Debt Securities

The Group's total debts as at 31 March 2017 which are denominated in Ringgit Malaysia are as follows:

	Unaudited as at 31/03/17 RM'000	Audited as at 31/12/16 RM'000
Short-term indebtedness:		
<u>Secured and guaranteed</u>		
Borrowings	1,648	8,126
Long-term indebtedness:		
<u>Secured and guaranteed</u>		
Borrowings	<u>10,456</u>	<u>7,642</u>
Total indebtedness	<u>12,104</u>	<u>15,768</u>

B9 Material Litigation

Save for the following cases which involves GFMSB's wholly owned subsidiary, AsiaEP Resources Berhad, GFMSB is not engaged in any material litigation, claim or arbitration either as plaintiff or defendant, which may have a material effect on the financial position of GFMSB and the Directors do not have any knowledge of any proceedings, pending or threatened, against GFMSB or of any facts which is likely to give rise to any proceedings which may materially and adversely affect the financial position or business of GFMSB:

(i) Kuala Lumpur High Court Suit No.: 22NCC-366-03-2012 between AsiaEP Resources and LPB and 7 Others

On 16 March 2012, AsiaEP Resources filed Suit No. 22NCC-366-03/2012 (the "Suit") in the Kuala Lumpur High Court in respect of a legal suit instituted by AsiaEP Resources jointly with Dr Tan Boon Nunt, the Executive Chairman cum Managing Director of AsiaEP Resources, against Lestari Pasifik Berhad (LPB) (Company No. 889489-A)(1st Defendant) and 7 other Defendants, all 8 collectively referred to as ("the Defendants"), as stated below :-

Name	NRIC/Passport/ Company No.
Dato' Dr Clement Tan Wei Loon (2nd Defendant)	701105-01-6327
Tian Ee Intertrade Sdn Bhd (3rd Defendant)	948498-W
Tan Keat Chye (4th Defendant)	650408-08-5525
Li JunMin (5th Defendant)	G21666385
Du Fashui (6th Defendant)	G42079465
Mohamed Jawad Khan (7th Defendant)	481118-71-5221
Prof Dr Chin Yew Sin (8th Defendant)	600402-08-5211

The Suit seeks for the High Court to make Orders for the following claims:

- (a) damages to be assessed by the Honourable Court for the losses occasioned to AsiaEP Resources and its shareholders by the Defendants;

- (b) an injunction restraining the Defendants and/or their agents and/or nominees from carrying out and/or proceeding with the Requisition issued by the 2nd, 3rd and 6th Defendants on 9 February 2012 to remove the entire current Board of Directors of AsiaEP Resources, including Dr Tan Boon Nunt, and to replace them with a new Board of Directors consisting of namely the 2nd, 4th, 5th, 7th and the 8th Defendants;
- (c) a mandatory injunction compelling the 3rd Defendant to dispose off the total 51,000,000 ordinary shares of AsiaEP Resources, which were allotted to them via the 132D exercise on 12 September 2011 and 3 October 2011, in the open market and the proceeds of the sale of the said 51,000,000 ordinary shares to be paid to account for the damages awarded herein by the Honourable Court;
- (d) any directions to be given by the Honourable Court pertaining to this suit;
- (e) costs;
- (f) further and/or other reliefs that the Honourable Court deem fit and appropriate.

At the present moment, AsiaEP Resources is unable to determine the financial and operational impact and the expected losses arising from the Suit.

On 28 March 2012, the Board of Directors announced that at the Case Management dated 28 March 2012, the Kuala Lumpur High Court had fixed the matter for further Case Management on 18 April 2012.

On 19 April 2012, the Board of Directors announced that at the Case Management dated 18 April 2012, the Kuala Lumpur High Court had fixed the matter for further Case Management on 17 May 2012 to enable the Plaintiffs to file their affidavits in reply and reply to defence on 17 May 2012.

On 17 May 2012, the Board of Directors of AsiaEP announced that at the Case Management dated 17 May 2012, the Kuala Lumpur High Court had fixed the matter for further Case Management on 15 June 2012 as the relevant parties would need to reply to the Affidavit in Reply.

On 20 July 2012, the Board of Directors of AsiaEP announced that the Kuala Lumpur High Court eventually had fixed the matter for further Case Management on 24 July 2012.

On 24 July 2012, the Board of Directors of AsiaEP announced that the Kuala Lumpur High Court had fixed as follows:

- (a) The 2nd, 7th and 8th Defendants (namely, Dato' Dr. Clement Tan Wei Loon, Mohamed Jawad Khan and Prof. Dr. Chin Yew Sin respectively) had filed a striking out application and was fixed for hearing on 10 August 2012.
- (b) The 1st Defendant (LPB) also filed a striking out application which was fixed for hearing on 7 September 2012.
- (c) The entire case was fixed for further Case Management on 21 September 2012.

On 30 August 2012, the 2nd Defendant's application was dismissed with cost while the 7th and 8th Defendants' application were allowed. The Solicitors have files Notice of Appeal on 28 September 2012 and the Court has fixed the next case management date on 8 November 2012.

On 12 September 2012, the 1st Defendant's application was dismissed with cost.

A new case management date has been fixed by the Court for the entire suit on 23 November 2012.

The Appeal on the 7th and 8th Defendant's application for striking out is fixed for case management on January 2013. Subsequently on 1 April, 2013, the Appeals were dismissed with cost.

The entire suit was fixed for trial on 24 July to 26 July 2013.

Pursuant to the 3 days' trial for the suit, the court has on 26th July 2013 given further Directions as follows:

- (a) Written Submissions to be filed in court by parties simultaneously on 26 August 2013. Oral Submissions will be done before the Court on the same day as well.
- (b) Skeletal Submissions to be filed in court by parties simultaneously by 23 August 2013.

Subsequent to the 3 days' trial for the suit, decision/clarification was fixed on 27 September 2013.

On 27 September 2013, it was further fixed on 23 October 2013.

On 23 October 2013, the decision of the learned Trial judge as follows:-

The Company's claim against the 2nd defendant was allowed with cost. The learned Judge made a finding that the 2nd defendant was liable to the Company for lossess occasioned due to his fraudulent representations. The damages suffered will be assessed before the Senior Assistant Registrar on a date to be announced.

The learned Judge however did not allow the Company's claim against the 2nd Defendant for conspiracy to defraud with the other Defendants.

On 10 January 2014, the Company was informed by its solicitors that a case management has been fixed on 13 February 2014. However, the Company's solicitors are in the midst of preparing an application to strike out the Appellants' Notice of Appeal as the notice of appeal was never served within the prescribed time.

The Company's Solicitors filed a notice to strike out the Appeal on 28 January 2014 and due to pending grounds of Judgement, the Registrar gave time for the Appellant to file a supplementary appeal record and gave the next case management on 27 March 2014.

Our application was finally heard and the Company has on 4 July 2014 received a copy of the sealed Court Order dated 22 April 2014 that our application was successful. The Appeal Court has allowed our application to strike out the Appellant's appeal.

Upon an enquiry by the Proxy of the Defendant, Tian Ee Intertrade Sdn Bhd at the Annual General Meeting of the Company held on 8 December 2015 on the counterclaim by the Defendants, the Company had made due investigation and discovered that the counterclaim as mentioned in the Court Order was inadvertently omitted in the previous disclosures.

On 15 December 2015, the Company had announced that under the Court Order dated 23 October 2013, the 3rd to 6th Defendants' counterclaim was allowed against the Company, wherein the 3rd to 6th Defendants' counterclaim are as follows:-

- (i) The refund of RM5,100,000.00 by the 1st Plaintiff (i.e. the Company) to the 3rd Defendant in return for the 51,000,000 AsiaEP Berhad shares;
- (ii) General damages to be assessed by the Court;
- (iii) Interest at the rate of 4% on the amounts in paragraph (i) and/or (ii) above from the date of the counterclaim (i.e. 25.4.2012) to full satisfaction; and
- (iv) Costs

The Company has received a legal opinion in that the Court Order dated 23 October 2013 is ambiguous as far as it relates to the 3rd to 6th Defendants' counterclaim. Firstly, it never spelt which part of the 3rd to 6th Defendants' counterclaim that was allowed and the terms were never set out in the said Court Order dated 23 October 2013. And secondly, the 3rd to 6th Defendants' counterclaim, in itself, and in particular prayer (1), i.e. the refund of RM5,100,000.00 by AsiaEP Resources Berhad to the 3rd Defendant (Tian Ee Intertrade Sdn. Bhd.) in return for the 51,000,000 AsiaEP shares purchased by the 3rd Defendant, is equally ambiguous as it is rather impossible in law and illegal for the Company, i.e. AsiaEP Berhad to take back its own shares and refund the deposit. This is clearly prohibited under Section 67 of the Companies Act 1965 and was further fortified by the case of FAIRVIEW SCHOOLS BHD v. INDRANI RAJARATNAM & ORS (1997) 2 MLRA 100. As such, the said prayer (1) of the 3rd to 6th Defendants' counterclaim (which in any event was never set out in the Court Order dated 23 October 2013) ought to be unenforceable in law.

The Company has instructed its solicitors to file an application to vary and/or set aside part of the terms of the Court Order dated 23 October 2013, in particular the counterclaim that was awarded to the 3rd to 6th Defendants. Pursuant to the said instructions, the said application had on 28 January 2016 been filed into the Kuala Lumpur High Court. No hearing date has been fixed for the said application thus far.

On 19 February 2016, the Company announced that its solicitors have informed the Company that an application has been filed by Tian Ee Intertrade Sdn. Bhd., Tan Keat Chye, Li Junmin and Du Fashui in the Kuala Lumpur High Court (Suit No.22NCC-366-03/2012) on 1 February 2016 to amend the Court Order dated 23 October 2013 pursuant to Order 42 rule 13 and/or Order 20 rule 11 and/or Order 45 rule 6 and/or Order 92 rule 4 of the Rules of Court 2012. The application is now fixed for case management on 15 March 2016.

The interlocutory applications of the Company as well as that of the 3rd-6th Defendants came up for mention on 28 March 2016 before the Honourable Justice Datin Hajah Azizah binti Haji Nawawi for the purposes of recording a Consent Order. Due to the on-going negotiations for settlement, the Judge fixed a final hearing date of 28 April 2016 for both the interlocutory applications. In the event a settlement is not reached by the said date of 28 April 2016, the hearing of the interlocutory applications will go on. However, if a settlement is reached before the said date of 28 April 2016, then either party can write in to Court to fix a mention date in order to either update the Judge on the settlement or to record a consent order.

On 29 April 2016, the Company announced the matter came up for hearing on 28 April 2016 of the Company's application to set aside the Court Order dated 23 October 2013 and also to the 3rd to 6th Defendants' application to amend the said Court Order dated 23 October 2013.

The Company's application for the setting aside of the Court Order of 23 October 2013 was dismissed with no order as to costs by the learned Judge.

As for the 3rd to 6th Defendants' application to amend the said Court Order of 23 October 2013 the learned Judge only allowed the amendment to the extend of the reliefs prayed for in the 3rd to 6th Defendants' counterclaim. All other proposed amendments were disallowed.

No costs were awarded in respect of both the applications.

The Company has on 10 May 2016 filed an Originating Summons in the Kuala Lumpur High Court seeking the following orders against the 3rd to 6th Defendants:

(i)	A Declaration that part of the terms of the Amended Judgement of the Kuala Lumpur High Court in the Suit No. 22NCC-366-03/2012 dated 23 October 2013 (and amended on 28 April 2016), in particular sub-paragraph 2(i) pertaining to the Defendants' Counterclaim, is null and void for breaching and/or contravening the statutory provision under Section 67 of the Companies Act 1965;
(ii)	That part of the terms of the Amended Judgement of the Kuala Lumpur High Court in the Suit No. 22NCC-366-03/2012 dated 23 October 2013 (and amended on 28 April 2016), in particular sub-paragraph 2(i) pertaining to the Defendants' Counterclaim, be set aside under Order 42 rule 13 of the Rules of Court 2012;
(iii)	All execution and/or enforcement of the said Amended Judgement dated 23 October 2013 (and amended on 28 April 2016) be stayed until the full determination and/or disposal of the Originating Summons.

The Company announced on 26 May 2016 that the matter came up for case management on 25 May 2016 and the matter has now been fixed for Hearing on 28 July 2016.

On 09 June 2016, the Company were informed that the 3rd and 6th Defendants have filed an application into Court seeking the following orders:-

- (i) the 3rd Defendant to commence the exercise of returning the 51,000,000 shares of asiaEP Resources Berhad via a Share Cancellation Agreement;
- (ii) the 3rd Defendant is to prepare the Share Cancellation Agreement to cancel the 51,000,000 shares of asiaEP Resources Berhad that is owned by the 3rd Defendant;
- (iii) asiaEP Resources Berhad and the 3rd Defendant are to execute the Share Cancellation Agreement within 14 days from the date the Share Cancellation Agreement is prepared;
- (iv) asiaEP Resources Berhad and the 3rd Defendant are to comply with all the terms in the Share Cancellation Agreement ;
- (v) asiaEP Resources Berhad is to refund the 3rd Defendant the sum of RM5,100,000 within seven (7) days after the Share Cancellation Agreement is executed.

The said Notice of Application is fixed for case management on 14 June 2016.

The Company will be opposing the Application and will be filing an Affidavit in Reply in due course.

The 3rd and 6th Defendants' application was called for case management on 19 July 2016 and is fixed for further case management on 18 August 2016.

The Company announced on 17 August 2016 that the matter came up for hearing of their Originating Summons on 17 August morning.

The learned Judge has scheduled the above matter for clarification to 24 August 2016.

The 3rd and 6th Defendants' application was called for case management on 18 August 2016 and is fixed for further case management on 9 September 2016.

The Company announced on 24 August 2016 that the matter came up for clarification of their Originating Summons on 24 August 2016 morning.

The Honourable Judicial Commissioner has dismissed their Originating Summons. No grounds, brief or otherwise, was given by the Honourable Judicial Commissioner.

The Company announced on 14 September 2016 that the matter came up for case management on 9 September 2016.

The Counsel for the Defendants informed the Court that they are withdrawing the said application and will be filing a Notice of Discontinuance.

The Court has given another date for case management on 26 September 2016.

The Company had on 21 September filed a Notice of Appeal to the Court of Appeal against the decision of the Honourable Judicial Commissioner dated 24 August 2016 dismissing the Originating Summons.

On 27 September 2016, the Company announced that the 3rd to 6th Defendants has already filed a Notice of Discontinuance pertaining to the said application for the consequential orders.

On 4 October 2016, the Company was informed by its solicitors that a letter from the solicitors of the Defendants was received, stating that the 3rd Defendant is ready, able and willing to return the 51,000,000 shares to the Company. The defendants' solicitors further requested that the necessary instrument to be prepared to effect the return of the 51 million shares for execution by the 3rd Defendant and requested that the sum of RM5.1 million including interest to be prepared.

The Company had given instruction to its solicitors to file an application for a stay of execution of the Order pending hearing of our appeal of the Originating Summons.

On 11 October 2016, the Company was confirmed that it has on 6 October 2016 filed a Notice of Application for a stay of execution of the Judgement dated 23 October 2013 (as amended on 28 April 2016). The said application is fixed for case management on 13 October 2016.

The Company announced on 13 October 2016 that its Notice of Application for a stay of execution of the Judgement dated 23 October 2013 (and amended on 28 April 2016) in the Kuala Lumpur High Court Civil Suit No. 22NC-366-03/2012 came up for case management on the same day.

The Court has fixed another case management on 24 November 2016 for both Company as well as the 3rd to 6th Defendants to exhaust the filing and service of their respective affidavits and written submissions.

The Court has further fixed a hearing date of the said Notice of Application for stay of execution for 29 November 2016 before the Honourable Justice.

On 17 November 2016, the Company announced that the Court of Appeal has fixed a new case management date, i.e 9 December 2016, of its appeal against the decision of the Honourable Judicial Commissioner pending receipt of the Grounds of Judgement and Notes of Proceedings from the Kuala Lumpur High Court.

The Company announced on 24 November 2016 that its Notice of Application for a stay of execution of the Judgement dated 23 October 2013 (and amended on 28 April 2016) in the Kuala Lumpur High Court Civil Suit No. 22NCC-366-03/2012 came up for case management on the same day wherein parties have now filed their respective written submissions into Court.

The Court has now fixed the said Application for hearing on 13 December 2016. The earlier scheduled date of 29 November 2016 has been vacated.

On 9 December 2016, the Court of Appeal has fixed a hearing for the Appellant's Notice of Motion to adduce further evidence on 23 January 2017.

On 13 December 2016, the application for stay of execution of the Judgement was allowed.

On 25 January 2017, the suit is fixed for Casa Management on 22 February 2017 and the Hearing of appeal is set on 8 March 2017.

On 8 March 2017, the Panel of Judges of the Court of Appeal of Malaysia has dismissed the appeal with costs of RM10,000. However, no grounds were pronounced by the Court.

Based on the advice by the Company's solicitors, the directors are of the view that the Amended Order dated 29 April 2016 remains valid and must be obeyed. However, the completion of the share exchange has rendered it impossible for Tian Ee to return the 51,000,000 asiaEP's shares as per the Amended Order. In the event Tian Ee elects to enforce the Amended Order, asiaEP may contest such proceedings on the ground that Tian Ee is unable to return the 51,000,000 asiaEP's shares.

(ii) Kuala Lumpur High Court Suit No. D5-22-1910-00
Parties: AsiaEP Sdn. Bhd. v A-Zone (M) Sdn. Bhd and Lee Keong Sek

AsiaEP Resources has filed a suit against A-Zone Sdn Bhd and Lee Keong Sek (collectively referred to as the "Defendants") for infringement of copyright and passing off in relation to AsiaEP Resources's business. An interim injunction has been obtained by AsiaEP Resources restraining the Defendants from further infringement. The Defendants have filed their defense and countered claim.

The solicitors are in the opinion that the Defendants do not have a valid counter-claim against asiaEP. The directors of asiaEP has no further interest to pursue the claim and no further action has been taken. Suit and counter-claim are likely to be struck out by the court in due course.

B10 Dividend

No dividend has been declared or proposed for the current financial quarter under review.

B11 Earnings Per Share ("EPS")

	Individual quarter		Cummulative quarter	
	31/03/17 RM'000	31/3/2016 ⁽²⁾ RM'000	31/03/17 RM'000	31/3/2016 ⁽²⁾ RM'000
BASIC EPS				
Profit for the period (RM'000)	1,947	N/A	1,947	N/A
Number of ordinary shares in issue ('000)	428,103	N/A	428,103	N/A
Basic EPS (Sen)	0.005	N/A	0.005	N/A

Notes:

N/A Not applicable

No comparative figures for the preceding corresponding quarter and preceding financial year are available as this is the second interim financial report on the consolidated results for the financial quarter ended 31 March 2017 being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

There was no dilution in the earning per share as there was no potential diluted ordinary share outstanding as at the end of the current quarter under review.

B12 Notes to the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

Profit before tax has been arrived at after (crediting)/charging:

	Individual quarter		Cummulative quarter	
	31/03/17 RM'000	31/3/2016 ⁽²⁾ RM'000	31/03/17 RM'000	31/3/2016 ⁽²⁾ RM'000
Interest income	(94)	N/A	(94)	N/A
Other income:				
Bad debts recovered	-	N/A	-	N/A
Compensation received	-	N/A	-	N/A
Reversal of impairment on trade receivables	-	N/A	-	N/A
Miscellaneous	-	N/A	-	N/A
Interest expense	555	N/A	555	N/A
Depreciation of property, plant and equipment	79	N/A	79	N/A
Amortisation of intangible assets	304	N/A	304	N/A
Property, plant and equipment written off	*	N/A	*	N/A
Bad debts written off	-	N/A	-	N/A
Provision for and write off of receivables	-	N/A	-	N/A
Provision for and write off of inventories	N/A	N/A	N/A	N/A
Impairment loss on:				
- Trade receivables	638	N/A	638	N/A
Gain or loss on disposal of quoted or unquoted investments or properties	-	N/A	-	N/A
Impairment loss on goodwill	-	N/A	-	N/A
Realised foreign exchange gain or loss	N/A	N/A	N/A	N/A
Unrealised foreign exchange gain or loss	N/A	N/A	N/A	N/A
Gain or loss on derivatives	N/A	N/A	N/A	N/A
Exceptional items	N/A	N/A	N/A	N/A
Employee benefits expense	6,887	N/A	6,887	N/A
Rental of premises	34	N/A	34	N/A
Rental of office equipments	5	N/A	5	N/A

Notes:

N/A Not applicable

No comparative figures for the preceding corresponding quarter and preceding financial year are available as this is the second interim financial report on the consolidated results for the financial quarter ended 31 March 2017 being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

B13 Disclosure of realised and unrealised profits

	Unaudited as at 31/03/17 RM'000	Audited as at 31/12/16 RM'000
Retained earnings of the Group		
Realised	56,586	59,252
Unrealised	(102)	(102)
	56,484	59,150
Less: Consolidation adjustments	(236)	(4,850)
	56,248	54,300

N/A Not applicable

* Denotes < RM1,000

B14 Status of utilisation of proceeds

i) Status of Utilisation of Proceeds from Private Placement

No.	Purpose	Proposed Utilisation ¹ RM'000	Proposed Revised Utilisation ¹ ⁱⁱ RM'000	Actual Utilisation RM'000	Intended timeframe for utilization from listing date (9 Jan 2017)	Balance of unutilized proceeds RM'000
1.	Defray expenses relating to the listing exercise	2,175	2,895	2,895	Immediately	0
2.	Working capital	135	1,095	89	Within 12 months	1,006
		2,310	3,990	2,984		1,006

ⁱ Proposed Utilisation as disclosed in the Explanatory Statement Cum Circular to the shareholder of AsiaEP dated 24th August 2016 in relation to the regularisation plan of AsiaEP

ⁱⁱ Proposed Revised Utilisation is due to higher gross proceeds raised from the Private Placement pursuant to the regularisation of AsiaEP based on the 10,500,000 placement shares issued at RM0.38 per placement share instead of based on illustrative issue price of RM0.22 per placement share as appearing in the Explanatory Statement Cum Circular.

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