



GFM SERVICES BERHAD

(Company No: 1033141-H)

(Incorporated in Malaysia)

Year 2017

Quarterly Announcement

For the Third Quarter Ended 30 September 2017

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") 30 September 2017.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	Note	Individual quarter		Cumulative period	
		Current year quarter 30/09/2017 ⁽¹⁾ RM'000	Preceding year quarter 30/09/2016 ⁽²⁾ RM'000	Current year to-date 30/09/2017 ⁽¹⁾ RM'000	Preceding year to-date 30/09/2016 ⁽²⁾ RM'000
Revenue	A9	25,263	N/A	75,033	N/A
Cost of sales		(19,554)	N/A	(54,313)	N/A
Gross profit		5,709	N/A	20,720	N/A
Other income		900	N/A	1,546	N/A
Administrative expenses		(3,510)	N/A	(11,762)	N/A
Other operating expenses		(310)	N/A	(838)	N/A
Profits from operations		2,789	N/A	9,666	N/A
Finance costs		(370)	N/A	(1,077)	N/A
Profit before tax	B12	2,419	N/A	8,589	N/A
Tax (expense)/benefit	B5	(655)	N/A	(2,186)	N/A
Profit for the period		<u>1,764</u>	<u>N/A</u>	<u>6,403</u>	<u>N/A</u>
Other comprehensive income					
Fair value loss on available-for-sale financial assets		-	N/A	3	N/A
Realisation of revaluation		-	N/A	7	N/A
Total comprehensive income for the period		<u>1,764</u>	<u>N/A</u>	<u>6,413</u>	<u>N/A</u>
Profit for the period attributable to:					
Owners of the company		1,764	N/A	6,403	N/A
Non-controlling interests		-	N/A	-	N/A
		<u>1,764</u>	<u>N/A</u>	<u>6,403</u>	<u>N/A</u>
Total comprehensive income for the period attributable to:					
Owners of the company		1,764	N/A	6,413	N/A
Non-controlling interests		-	N/A	-	N/A
		<u>1,764</u>	<u>N/A</u>	<u>6,413</u>	<u>N/A</u>
Earnings per share (sen)					
- Basic ⁽³⁾		0.41	N/A	1.50	N/A
- Diluted ⁽⁴⁾		N/A	N/A	N/A	N/A
Dividends per share (sen)		N/A	N/A	N/A	N/A

Notes:

- (1) The Unaudited Condensed Consolidated Statement of 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 30 September 2017.
- (4) Diluted earnings per share of the Company for the individual quarter and financial period ended 30 September 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 STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Unaudited as at 30/09/2017 ⁽¹⁾	Audited as at 31/12/2016
Note	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	19,592	18,036
Intangible assets	28,370	29,282
Other investments	531	528
Total non-current assets	48,493	47,846
Current assets		
Tax recoverable	3,422	2,013
Trade receivables	20,229	15,597
Other receivables, deposits & prepayments	8,077	10,035
Cash and cash equivalents	22,751	20,428
Total current assets	54,479	48,073
Total assets	102,972	95,919
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	48,038	42,810
Share premium	-	5,228
Retained earnings	54,518	54,301
Fair value reserve	31	28
Reorganisation deficit	(41,207)	(41,207)
Translation reserve	7	-
Total equity	61,387	61,160
Non-current liabilities		
Borrowings	B8 15,832	7,642
Deferred tax liabilities	4,845	5,064
Total non-current liabilities	20,677	12,706
Current liabilities		
Borrowings	B8 2,644	8,126
Tax payable	5	5
Trade payables	7,850	6,198
Other payables and accruals	9,836	7,151
Amounts due to directors	573	573
Total current liabilities	20,908	22,053
Total liabilities	41,585	34,759
Total equity and liabilities	102,972	95,919
Net assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.14	0.14

(1) *The Unaudited Condensed Statement 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 STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	----- Non-Distributable -----					Distributable Retained earnings RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Fair value reserve RM'000	Translation Reserve RM'000	Reorganisation deficit RM'000		
Balance as of 1 January 2017	42,810	5,228	28	-	(41,207)	54,301	61,160
- Transferred from share premium ⁽³⁾	5,228	(5,228)					-
Comprehensive income							
Profit for the financial period	-	-	-	-	-	6,403	6,403
Other comprehensive loss							
Fair value loss on available-for-sale financial assets	-	-	3	-	-	-	3
Foreign currency translation differences	-	-	-	7	-	-	7
Transactions with owners							
Dividends paid on shares	-	-	-	-	-	(6,186)	(6,186)
Balance as of 30 September 2017	<u>48,038</u>	<u>-</u>	<u>31</u>	<u>7</u>	<u>(41,207)</u>	<u>54,518</u>	<u>61,387</u>

Notes:

- (1) *The Unaudited Condensed Consolidated Statement 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 STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	Year-to-date ended	
	30/09/2017 ⁽¹⁾ RM'000	30/09/2016 ⁽²⁾ RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before tax	8,589	N/A
Adjustment for:		
Amortisation of intangible assets	912	N/A
Allowance for doubtful debts	560	N/A
Reversal of allowance for doubtful debt	(733)	N/A
Bad debts written off	263	N/A
Depreciation of property, plant and equipment	244	N/A
Interest expense	1,077	N/A
Interest income	(342)	N/A
Property, plant and equipment written off	*	N/A
	<u>10,570</u>	<u>N/A</u>
Movements in working capital:		
(Increase)/Decrease in:		
Trade and other receivables	(2,763)	N/A
Increase in:		
Trade and other payables	4,338	N/A
Amount due to directors	-	N/A
Cash Generated From Operations	<u>12,145</u>	<u>N/A</u>
Income tax paid	(3,814)	N/A
Interest paid	(1,077)	N/A
Interest received	342	N/A
Net Cash From Operating Activities	<u>7,596</u>	<u>N/A</u>
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		
Capitalization of expenditure on work-in-progress	-	N/A
Drawdown of fixed deposits	5,069	N/A
Placement of fixed deposits	(11,050)	N/A
Purchase of property, plant and equipment	(256)	N/A
Net Cash (Used in)/From Investing Activities	<u>(6,237)</u>	<u>N/A</u>
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		
Drawdown/(Repayment) of finance lease payables	(25)	N/A
Obtain term loan	9,990	N/A
Repayment to bank factoring	*	N/A
Repayment of borrowings	(7,628)	N/A
Repayment of overdraft	(1,200)	N/A
Repayment to directors	*	N/A
Dividend paid	(6,186)	N/A
Net Cash (Used in)/From Financing Activities	<u>(5,049)</u>	<u>N/A</u>
EFFECT OF EXCHANGE RATE CHANGES	7	N/A
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(3,690)</u>	<u>N/A</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>6,689</u>	<u>N/A</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>3,006</u>	<u>N/A</u>
Cash and cash equivalents comprise:		
Cash and bank balances	3,037	N/A
Fixed deposits with a licensed bank	19,714	N/A
	<u>22,751</u>	<u>N/A</u>
Less: Bank overdraft	(31)	N/A
Deposits pledged as securities	(9,614)	N/A
Fixed deposits with licensed banks not pledged but with maturities more than three (3) months	(10,100)	N/A
	<u>3,006</u>	<u>N/A</u>

Notes:

(1) The Unaudited Condensed Consolidated Cash Flow Statement 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 30 SEPTEMBER 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 interim financial report on the condensed consolidated results for the quarter ended 30 September 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 for the financial year ended 31 December 2016, except for the following as they are not yet effective for the financial period:

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
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 16	Leases
MFRS 17	Insurance Contracts
MFRS 140	Transfers of Investment Property (Amendments to MFRS 140)
IC INT 22	Foreign Currency Transactions and Advance Consideration
IC INT 23	Uncertainty over Income Tax Treatments

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 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

First and Final Single-Tier Dividend of 1.445 sen per ordinary shares in respect of the financial year ended 31 December 2016 amounting RM 6,186,067.

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

The Board of Directors of GFM Services Berhad ("GFM Services" or "the Company") ("Board") wishes to announce that the Company had on 24 August 2017 entered into a share sale agreement to dispose of its holding the entire issued and paid-up share capital of its wholly-owned subsidiary, AsiaEP Resources Berhad ("AsiaEP") to Blueleap Sdn Bhd for a Ringgit Malaysia One (RM1.00) only ("Proposed Disposal"). The completion of the proposed disposal is on 9 October 2017.

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 follow:

	Unaudited as at 30/09/2017 RM'000
Approved and contracted for	499,940
Approved but not contracted for	-
	<u>499,940</u>

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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 75,032,868 and profit before tax of RM 8,589,028 for the financial period ended 30 September 2017 and revenue of RM 92,077,013 and profit before tax of RM 17,742,343 for the financial year 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 75,032,868 which accounted for 100% of the total revenue recorded for the current financial period under review.

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.

B2 Comparison with preceding quarter's results

	Current year quarter 30/09/2017 RM'000	Preceding quarter 30/06/2017 RM'000	Variance RM'000	%
Revenue	25,263	26,016	(753)	-3%
Profit before tax	2,419	3,451	(1,032)	-30%

The Group reported revenue of RM25.3 million and profit before tax of approximately RM2.4 million for the current quarter ended 30 September 2017, representing a decline of RM0.8 million or 3% as compared to revenue of RM26 million in the preceding quarter ended 30 June 2017 and a decline of RM1 million or 30% as compared to profit before tax of RM3.4511 million in the preceding quarter ended 30 June 2017. This was due to:

- (i) Negative variance of 3% was due to fewer variation order secured as compared to previous quarter.
- (ii) Higher project cost during the quarter.

B3 Prospects

The Pangkalan Ikan Central Sdn Bhd LKIM deep sea fishing port facilities management contract located at Tanjong Bako, Kuching Sarawak commence operations on 22 July 2017. This project will contribute positively to the Group earnings this year. Contracts secured year-to-date totaling RM 27.563 million and outstanding order book as at 30 September 2017 was RM 282.923 million.

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 period	
	Current year quarter 30/09/2017 RM'000	Preceding year quarter 30/09/2016 RM'000	Current year to-date 30/09/2017 RM'000	Preceding year to-date 30/09/2016 RM'000
Income tax				
Current period	728	N/A	2,405	N/A
Prior period	-	N/A	-	N/A
	<u>728</u>	<u>N/A</u>	<u>2,405</u>	<u>N/A</u>
Deferred tax				
Current period	(73)	N/A	(219)	N/A
Prior period	-	N/A	-	N/A
	<u>655</u>	<u>N/A</u>	<u>2,186</u>	<u>N/A</u>

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.

The effective tax rate for the current quarter and 9-month financial period ended 30 September 2017 of 27% and 25% respectively which was higher than the statutory tax rate was mainly due to higher non-deductible expenditure incurred.

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 30 September 2017 which are denominated in Ringgit Malaysia are as follows:

	Unaudited as at 30/09/2017 RM'000	Audited as at 31/12/2016 RM'000
Short-term indebtedness:		
<u>Secured and guaranteed</u>		
Borrowings	2,644	8,126
Long-term indebtedness:		
<u>Secured and guaranteed</u>		
Borrowings	15,832	7,642
Total indebtedness	18,476	15,768

B9 Material Litigation

There were no material litigations pending as at 20 November 2017.

B10 Dividend

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

B11 Earnings Per Share ("EPS")

	Individual quarter		Cumulative period	
	Current year quarter 30/09/2017 RM'000	Preceding year quarter 30/09/2016 RM'000	Current year to-date 30/09/2017 RM'000	Preceding year to-date 30/09/2016 RM'000
BASIC EPS				
Profit for the period (RM'000)	1,764	N/A	6,403	N/A
Number of ordinary shares in issue ('000)	428,103	N/A	428,103	N/A
Basic EPS (Sen)	0.41	N/A	1.50	N/A

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):

	Current year quarter 30/09/2017 RM'000	Current year to-date 30/09/2017 RM'000
Interest income	242	342
Other income:		
- Bad debts recovered	-	-
- Compensation received	-	-
- Reversal of impairment on trade receivables	350	733
- Investment income	-	-
- Miscellaneous	19	471
Interest expense	(925)	(1,077)
Depreciation of property, plant and equipment	(165)	(244)
Amortisation of intangible assets	(608)	(912)
Bad debts written off	-	(263)
Write off on:		
- Trade receivables	-	-
- Inventories	-	-
Impairment loss on:		
- Trade receivables	(82)	(560)
- Goodwill	-	-
- Inventories	-	-
Employee benefits expense	(12,701)	(20,891)
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Realised foreign exchange gain or loss	-	-
Unrealised foreign exchange gain or loss	-	-
Gain or loss on derivatives	-	-
Rental of premises	(91)	(190)
Rental of office equipment	(32)	(74)

B13 Disclosure of realised and unrealised profits

	Unaudited as at 30/09/2017 RM'000	Audited as at 31/12/2016 RM'000
Retained earnings of the Group		
Realised	55,320	59,253
Unrealised	<u>(102)</u>	<u>(102)</u>
	55,218	59,151
Less: Consolidation adjustments	<u>(700)</u>	<u>(4,850)</u>
	<u>54,518</u>	<u>54,301</u>

B14 Status of utilisation of proceeds

i) Status of Utilisation of Proceeds from Private Placement

No.	Purpose	Proposed Utilisation ⁱ RM'000	Proposed Revised Utilisation 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	1,095	Within 12 months	0
		2,310	3,990			

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.

B15 Status of corporate proposals

Save as disclosed below, there are no other corporate proposal announced but not completed as at the date of this interim report.

The board of directors of GFM had, on 5 July 2017, announced that the Company intends to undertake the following proposals:-

- (i) Proposed transfer of the listing of and quotation for the entire issued share capital of GFM from the ACE Market of Bursa Malaysia Securities Berhad to the Main Market of Bursa Malaysia Securities Berhad ("Proposed Transfer of Listing"); and
- (ii) Proposed amendments to the constitution of the Company to facilitate the Proposed Transfer of Listing and to ensure compliance with the relevant rules and regulatory provisions governing the Company ("Proposed Amendments"); and
- (iii) Proposed establishment of an employee share scheme of up to 5% of the total number of issued shares of GFM at any point in time ("Proposed Employee Share Scheme") comprising the:-
 - (a) Proposed establishment of an employee share option scheme to the eligible persons of GFM Group; and
 - (b) Proposed establishment of an employee share grant scheme to the eligible persons of GFM Group

KAF Investment Bank Berhad had, on 24 August 2017, announced on behalf of the Company that the the Company has decided to undertake the proposed adoption of a new constitution of the Company ("Proposed Adoption of New Constitution") in place of the Proposed Amendments as announced on 5 July 2017.

KAF Investment Bank Berhad had, on 5 September 2017, made the relevant submission to Bursa Securities in relation to the Proposed Employee Share Scheme and Proposed Adoption of New Constitution.

KAF Investment Bank Berhad had, on 11 September 2017, received a letter from Bursa Malaysia Securities Berhad dated 11 September 2017 to KAF IB for the approval of the listing of such number of new ordinary shares, representing up to 5% of the total number of issued shares of GFM Services, excluding treasury shares, to be issued pursuant to the Proposed Employee Share Scheme.

The Company had, on 17 October 2017, held its extraordinary general meeting in relation to the Proposed Employee Share Scheme and Proposed Adoption of New Constitution. All the relevant resolutions as included in its circular to the shareholders of GFMSB dated 20 September 2017 in relation to the Proposed Employee Share Scheme and Proposed Adoption of New Constitution were carried. The new constitution of GFMSB is effective immediately after the special resolution in relation to the Proposed Adoption of New Constitution was carried on 17 October 2017.

The Proposed Employee Share Scheme is currently pending implementation and the Proposed Transfer of Listing is pending submission to the relevant authorities.