



**GFM SERVICES BERHAD**

(Company No: 1033141-H)

(Incorporated in Malaysia)

Year 2019

Quarterly Announcement

For the Fourth Quarter Ended 31 December 2019

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 year ended ("FYE") 31 December 2019.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	Individual quarter		Cumulative period	
		Current year	Preceding year	Current year	Preceding year
		quarter	quarter	to-date	to-date
		31/12/2019	31/12/2018	31/12/2019	31/12/2018
		RM'000	RM'000	RM'000	RM'000
<b>Revenue<sup>(4)</sup></b>	A9	24,289	33,154	130,590	122,446
Cost of sales <sup>(4)</sup>		(18,676)	(23,347)	(85,529)	(87,437)
Gross profit		5,613	9,807	45,061	35,009
Other income		2,815	(35)	4,184	4,121
Administrative expenses <sup>(4)</sup>		(1,798)	(5,645)	(11,332)	(20,480)
Other operating expenses		6	(108)	804	(3,683)
<b>Profits from operations</b>		6,636	4,019	38,717	14,967
Finance costs		(6,190)	(2,289)	(25,372)	(3,266)
Gain on bargain purchase <sup>(4)</sup>		-	20,231	-	20,231
Share of results of an associate, net of tax		20	(42)	75	(42)
Profit before tax <sup>(4)</sup>	B12	466	21,919	13,420	31,890
Tax expense	B5	(3,644)	(5,457)	(7,472)	(9,491)
<b>(Loss)/Profit for the period</b>		<u>(3,178)</u>	<u>16,462</u>	<u>5,948</u>	<u>22,399</u>
<b>Other comprehensive income</b>					
Fair value adjustment of available-for-sale financial assets		-	-	-	-
Realisation of revaluation		-	-	-	-
<b>Total comprehensive income for the period</b>		<u>(3,178)</u>	<u>16,462</u>	<u>5,948</u>	<u>22,399</u>
<b>(Loss)/Profit for the period attributable to:</b>					
Equity holders of the parent		(3,178)	16,462	5,948	22,399
Non-controlling interests		-	-	-	-
		<u>(3,178)</u>	<u>16,462</u>	<u>5,948</u>	<u>22,399</u>
<b>Total comprehensive income for the period attributable to:</b>					
Equity holders of the parent		(3,178)	16,462	5,948	22,399
Non-controlling interests		-	-	-	-
		<u>(3,178)</u>	<u>16,462</u>	<u>5,948</u>	<u>22,399</u>
<b>Earnings per share (sen)</b>					
- Basic <sup>(2)</sup>		-	3.73	1.26	5.08
- Diluted <sup>(3)</sup>		-	3.69	0.83	5.03
Dividends per share (sen)		N/A	N/A	N/A	N/A

**Notes:**

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss And Other Comprehensive Income should be read in conjunction with the audited financial statements for the FYE 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.
- (2) Basic earnings per share for the individual quarter and financial year are calculated based on the Company's weighted average share capital during the financial quarter/year.
- (3) Diluted earnings per share of the Company for the individual quarter and financial year are calculated based on the profit for the financial quarter/year attributable to owners of the Company and its subsidiaries ("GFM Group" or "Group") and the weighted average number of ordinary shares outstanding during the financial quarter/year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.
- (4) Retrospective adjustment to reflect the effects of purchase price allocation ("PPA") exercise arising from the acquisition of KP Mukah Development Sdn Bhd ("KPMDD") that was completed in 27 November 2018. Please refer Note A15 for more details.

N/A Not applicable

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

	Unaudited as at 31/12/2019 <sup>(1)</sup>	Restated Audited as at 31/12/2018
Note	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	21,441	19,423
Intangible assets <sup>(2)</sup>	25,634	26,851
Investment in associate	433	358
Operating financial assets <sup>(2)</sup>	301,419	309,590
Other investments	1,000	521
<b>Total non-current assets</b>	<u>349,927</u>	<u>356,743</u>
<b>Current assets</b>		
Tax assets	4,841	2,980
Trade receivables	15,536	13,168
Operating financial assets	60,445	60,445
Other receivables, deposits & prepayments	9,024	9,315
Cash and cash equivalents	78,564	99,781
<b>Total current assets</b>	<u>168,410</u>	<u>185,689</u>
<b>Total assets</b>	<u>518,337</u>	<u>542,432</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	67,617	66,923
Retained earnings <sup>(2)</sup>	81,213	80,465
Share option reserve and share grant reserve	1,681	532
Fair value reserve	-	21
Reorganisation deficit	(45,265)	(45,265)
<b>Total equity</b>	<u>105,246</u>	<u>102,676</u>
<b>Non-current liabilities</b>		
Borrowings	B8 326,639	351,788
Deferred tax liabilities <sup>(2)</sup>	43,637	41,412
<b>Total non-current liabilities</b>	<u>370,276</u>	<u>393,200</u>
<b>Current liabilities</b>		
Borrowings	B8 25,625	25,739
Tax payable	1,319	86
Trade payables	5,777	7,357
Other payables and accruals	10,094	13,374
<b>Total current liabilities</b>	<u>42,815</u>	<u>46,556</u>
<b>Total liabilities</b>	<u>413,091</u>	<u>439,756</u>
<b>Total equity and liabilities</b>	<u>518,337</u>	<u>542,432</u>
Net assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.22	0.23

(1) The Unaudited Condensed Statement Of Financial Position should be read in conjunction with the audited financial statements for the FYE 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

(2) Retrospective adjustment to reflect the effects of purchase price allocation ("PPA") exercise arising from the acquisition of KP Mukah Development Sdn Bhd ("KPM D") that was completed in 27 November 2018. Please refer Note A15 for more details.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	----- Attributable to owners of the Company -----						
	Share capital RM'000	Fair value reserve of financial assets at FVOCI <sup>(2)</sup> RM'000	Share option reserve RM'000	Share grant reserve RM'000	Reorganisation deficit RM'000	Retained earnings <sup>(3)</sup> RM'000	Total equity RM'000
<b>(Restated)</b>							
<b>Balance as of 1 January 2019</b>	66,923	21	161	371	(45,265)	80,465	102,676
<b>Comprehensive income</b>							
Profit for the financial period	-	-	-	-	-	5,948	5,948
Drawdown of investment	-	(21)	-	-	-	-	(21)
<b>Transactions with owners</b>							
Proceeds from issuance of shares	*	-	-	-	-	-	*
Dividends paid on shares	-	-	-	-	-	(5,200)	(5,200)
Share option issued	-	-	549	-	-	-	549
Share grant issued	694	-	-	600	-	-	1,294
<b>Balance as of 31 December 2019</b>	<u>67,617</u>	<u>-</u>	<u>710</u>	<u>971</u>	<u>(45,265)</u>	<u>81,213</u>	<u>105,246</u>
<b>Balance as of 1 January 2018</b>	48,038	21	-	-	(45,265)	62,116	64,910
<b>Comprehensive income</b>							
Profit for the financial period	-	-	-	-	-	22,399	22,399
<b>Transactions with owners</b>							
Private placement	18,885	-	-	-	-	-	18,885
Dividends paid on shares	-	-	-	-	-	(4,050)	(4,050)
Share option issued	-	-	161	-	-	-	161
Share grant issued	-	-	-	371	-	-	371
<b>(Restated)</b>							
<b>Balance as of 31 December 2018</b>	<u>66,923</u>	<u>21</u>	<u>161</u>	<u>371</u>	<u>(45,265)</u>	<u>80,465</u>	<u>102,676</u>

**Notes:**

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the FYE 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.
- (2) Fair value through other comprehensive income.
- (3) Retrospective adjustment to reflect the effects of purchase price allocation ("PPA") exercise arising from the acquisition of KP Mukah Development Sdn Bhd ("KPM D") that was completed in 27 November 2018. Please refer Note A15 for more details.

\* Denotes < RM1,000

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Unaudited as at 31/12/2019 RM'000	Restated Audited as at 31/12/2018 RM'000
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Profit before tax <sup>(2)</sup>	13,420	31,890
Adjustment for:		
Amortisation of intangible assets <sup>(2)</sup>	1,216	1,216
(Reversal)/Impairment loss on trade receivables	(805)	1,712
Bad debts recovered	-	(1,071)
Depreciation of property, plant and equipment	1,111	639
Gain on disposal of property, plant and equipment	(24)	(40)
Gain on bargain purchase	-	(20,231)
Interest expense	25,372	3,266
Interest income	(1,214)	(659)
Share of results of an associate	(75)	42
	<u>39,001</u>	<u>16,764</u>
Movements in working capital:		
(Increase)/Decrease in:		
Trade and other receivables	(1,273)	9,694
(Decrease)/Increase in:		
Trade and other payables	(4,860)	3,053
Decrease/(Increase) in:		
Operating financial assets	8,172	(4,579)
Share based payment	1,149	532
Cash Generated From Operations	<u>42,189</u>	<u>25,464</u>
Income tax paid	(5,875)	(5,620)
Interest paid	(25,372)	(3,266)
Interest received	1,214	659
Net Cash From Operating Activities	<u>12,156</u>	<u>17,237</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Acquisition of subsidiaries for cash, net cash acquired	-	(102,644)
Redeemable Convertible Preference Shares (RCPS)	(1,000)	-
(Placement)/Drawdown of fixed deposits	(19,245)	738
Investment in associates	-	(400)
Drawdown other investments	500	-
Placement of escrow account, finance service reserve account, liquidity reserve account, revenue account and disbursement account	-	(53,914)
Purchase of property, plant and equipment	(3,106)	(1,222)
Proceeds from disposal of property, plant and equipment	-	40
Repayment/(Advances) to holding company	-	3
Net Cash Used In Investing Activities	<u>(22,851)</u>	<u>(157,399)</u>
<b>CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	694	18,884
Repayment of finance lease payables	(1,105)	(1,520)
Drawdown term loans	-	149,948
Repayment of term loans	(24,156)	(4,797)
Dividend paid	(5,200)	(4,050)
Net Cash (Used in)/From Financing Activities	<u>(29,767)</u>	<u>158,465</u>
<b>EFFECT OF EXCHANGE RATE CHANGES</b>		
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(40,462)	18,303
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>67,655</u>	<u>20,638</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>27,193</u>	<u>38,941</u>
Cash and cash equivalents comprise:		
Cash and bank balances	27,193	67,655
Fixed deposits with a licensed bank	<u>51,371</u>	<u>32,126</u>
	78,564	99,781
Less: Deposits pledged as securities	<u>(51,371)</u>	<u>(60,840)</u>
	<u>27,193</u>	<u>38,941</u>

**Notes:**

- (1) The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the FYE 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.
- (2) Retrospective adjustment to reflect the effects of purchase price allocation ("PPA") exercise arising from the acquisition of KP Mukah Development Sdn Bhd ("KPM D") that was completed in 27 November 2018. Please refer Note A15 for more details.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019****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 31 December 2019 announced by the Company in compliance with the Listing Requirements of Bursa Securities.

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 FYE 31 December 2018 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 FYE 31 December 2018.

**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 FYE 31 December 2018, except for the adoption of the following which are effective for the financial year beginning on or after 1 January 2019:

MFRS 3	Business Combinations (Amendments to MFRS 3)
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 11	Joint Arrangements (Amendments to MFRS 11)
MFRS 16	Leases
MFRS 112	Income Taxes (Amendments to MFRS 112)
MFRS 119	Employee Benefits (Amendments to MFRS 119)
MFRS 123	Borrowing Costs (Amendments to MFRS 123)
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 2018 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**

Save for issuance of new ordinary shares pursuant to the following:

- 1) On 7 March 2019, 489 new ordinary shares from Conversion of Warrants at an issue price of RM 0.38 per share.
- 2) On 13 September 2019, 604,500 new ordinary shares from Employees' Share Grant Scheme ("ESGS") exercised at an issue price of RM 0.5061 per share.
- 3) On 12 November 2019, 766,500 new ordinary shares from Employees' Share Grant Scheme ("ESGS") exercised at an issue price of RM 0.5061 per share.

There were no other 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 1.1043 sen per ordinary share in respect of the FYE 31 December 2018 amounting RM 5,200,277 which was paid on 19 July 2019 to shareholders whose names appear on the Record of Depositors on 4 July 2019. Under current rules, single tier dividends are not taxable in the hand of shareholders.

**A9 Segmental Information**
**Current year to date 31/12/2019**

	Management Services RM'000	Facilities Consultancy Services 75	Concession arrangements RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
<b>Revenue</b>						
External revenue	95,163	75	38,769	-	(3,417) *	130,590
Inter-segment revenue	4,937	-	-	30,277	(35,214)	-
	<u>100,100</u>	<u>75</u>	<u>38,769</u>	<u>30,277</u>	<u>(38,631)</u>	<u>130,590</u>
<b>Profits from operations</b>						
External profit/(loss)	8,255	42	41,104	-	(10,684)	38,717
Inter-segment profit	-	-	-	22,029	(22,029)	-
	<u>8,255</u>	<u>42</u>	<u>41,104</u>	<u>22,029</u>	<u>(32,713)</u>	<u>38,717</u>

\* Consolidation adjustment arising from PPA exercise.

**A10 Valuation of Property, Plant and Equipment**

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

**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**

There were no capital commitments during the current financial quarter and current financial period under review.

**A15 Completion of Purchase Price Allocation ("PPA")**

During the current financial year, the Group has completed the PPA exercise to determine the fair values of the net assets of KPMD, a wholly-owned subsidiary company, within the stipulated time period, i.e. twelve (12) months from the acquisition date of 27 November 2018, in accordance with MFRS 3 Business Combinations.

PPA are required for all of the acquisitions to determine and recognise the fair value of identifiable assets acquired and liabilities assumed (including intangibles assets and goodwill on business combination) in the consolidated financial statements as at the date of acquisition.

In accordance to MFRS 3 Business Combinations, during the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date.

Below are the effects of the final PPA adjustments in accordance with MFRS 3 Business Combinations:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
<b>As at 31 December 2018</b>			
<b>Consolidated Statement of Financial Position</b>			
<u>Non-Current Assets</u>			
Operating financial assets	274,138	35,452	309,590
Intangible assets	42,685	(15,834)	26,851
<u>Non-Current Liabilities</u>			
Deferred tax liabilities	36,557	4,855	41,412
<b>Consolidated Statement of Changes in Equity</b>			
Retained earnings	65,702	14,763	80,465

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

During the year under review, a PPA exercise was carried out on the newly acquired university asset concessionaire, KPMD, in accordance with MFRS 3 Business Combination. The PPA exercise has resulted in a restatement of the Group's financial statements for the FYE 31 December 2018 ("FY 2018") from net profit attributable to equity holders ("net profit") of RM7.6 million to RM22.3 million with a bargain purchase adjustment of RM20.2 million.

For the FYE 31 December 2019 ("FY 2019"), Group's revenue increased by 7% year-on-year ("YoY") to RM130.6 million, as compared to RM122.4 million in the FY 2018. The growth was on the back of full year revenue contribution from KPMD, which was acquired in November 2018.

The Group's Facilities Management Services operations remain as the major revenue contributor with RM95.2 million for FY 2019, making up 73% of the Group's revenue, while the Concession Arrangements segment accounted for 27% worth RM38.7 million before accounting adjustments of RM3.4 million arising from PPA exercise.

In tandem with revenue growth, gross profit jumped 29% YoY to RM45.1 million in FY 2019 as gross profit margin expanded to 35% vs. 29% in FY 2018.

During the year under review, the Group's profit before tax ("PBT") stood at RM13.4 million, as compared to RM31.9 million in FY 2018. The lower PBT is mainly due to the absence of one-off gain on bargain purchase of KPMD in FY 2018, amounting to RM20.2 million, arising from the PPA exercise.

Net profit amounted to RM5.9 million for FY 2019.

**B2 Comparison with preceding quarter's results**

	Current year quarter 31/12/2019 RM'000	Preceding quarter 30/09/2019 RM'000	Variance RM'000	%
Revenue	24,289	31,050	(6,761)	-22%
Profit before tax	466	1,292	(826)	-64%

For the quarter under review ("4Q 2019"), Group's revenue stood at RM24.3 million, 22% lower from RM31.1 million in the immediate preceding quarter ended 30 September 2019 ("3Q 2019") due to lower revenue recognition from several contracts.

The Group's Facilities Management Services operations remained as the primary contributor, representing 76% of the Group's 4Q 2019 revenue at RM18.4 million, while the Concession Arrangements segment accounted for the remaining 24% worth RM5.9 million.

4Q 2019 Gross profit margin reduced to 23% from 32% recorded in 3Q 2019 in line with the lower revenue base.

In tandem with lower revenue, GFM recorded a lower pre-tax profit of RM0.5 million in 4Q 2019, as compared to RM1.3 million in 3Q 2019.

Net loss attributable to equity holders of the parents ("net loss") amounted to RM3.2 million for 4Q 2019 due to the higher effective tax rate, arising from higher taxable income as well as non-deductible expenditure during the quarter.

**B3 Prospects**

In terms of organic growth, we are continuously bidding for more jobs in the local Facilities Management Services space. However, the challenging business environment is expected to persist with subdued market sentiment, as businesses remain cautious with their spending.

Keeping this in mind, we endeavour to strengthen our core business of facilities management while executing the Group's outstanding orderbook of RM1.29 billion, as at 31 December 2019. The gradual revenue recognition of our orderbook, of which a majority is made up of KP Mukah Development Sdn Bhd ("KPMD"), provides long-term earnings visibility with stable consistent income for the remaining 16 years of the concession tenure until 2035.

In order to remain competitive in this facilities management industry and address the evolving needs of clients, the Group is undertaking efforts to enhance on its service delivery with the development and adoption of more innovative technology-based solutions. Internally, GFM is working on improving its business processes with the on-going vendor rationalisation programme.

To enhance our growth, the Group is also open to explore strategic opportunities which complement our business, for further expansion. We aim to team up with strategic parties that have the relevant capabilities and resources which are synergistic to us. This will enable GFM to scale up our operations and strengthen our core business by expanding the project pipeline and asset categories we manage.

With the developments above, the Group expects to continue the growth momentum in FY2020 with the focus on executing and solidifying its portfolio.

**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		Cumulative period	
	Current year quarter 31/12/2019 RM'000	Preceding year quarter 31/12/2018 RM'000	Current year to-date 31/12/2019 RM'000	Preceding year to-date 31/12/2018 RM'000
Income tax				
Current period	1,199	563	5,022	4,816
Prior period	-	(19)	226	(19)
	<u>1,199</u>	<u>544</u>	<u>5,248</u>	<u>4,797</u>
Deferred tax				
Current period	2,576	5,005	2,355	4,786
Prior period	(131)	(92)	(131)	(92)
	<u>3,644</u>	<u>5,457</u>	<u>7,472</u>	<u>9,491</u>

The Group's effective tax rate for the current quarter and financial year-to-date is higher than the statutory tax rate of 24% mainly due to certain expenses disallowed for tax purposes.



**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 December 2019 which are denominated in Ringgit Malaysia are as follows:

	Unaudited as at 31/12/2019 RM'000	Audited as at 31/12/2018 RM'000
<b>Short-term indebtedness:</b>		
Secured and guaranteed Borrowings	25,625	25,739
<b>Long-term indebtedness:</b>		
Secured and guaranteed Borrowings	<u>326,639</u>	<u>351,788</u>
<b>Total indebtedness</b>	<u><u>352,264</u></u>	<u><u>377,527</u></u>

**B9 Material Litigation**

There were no material litigations pending as at 26 February 2020.

**B10 Dividend**

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

**B11 Earnings Per Share ("EPS")**

	Individual quarter		Cummulative period	
	Current year quarter 31/12/2019 RM'000	Preceding year quarter 31/12/2018 RM'000	Current year to-date 31/12/2019 RM'000	Preceding year to-date 31/12/2018 RM'000
<b>BASIC EPS</b>				
(Loss)/Profit for the period (RM'000)	(3,178)	16,462	5,948	22,399
Weighted average number of ordinary shares in issue ('000)	471,201	441,336	471,201	441,336
Basic EPS (Sen)	-	3.73	1.26	5.08
<b>DILUTED EPS</b>				
(Loss)/Profit for the period (RM'000)	(3,178)	16,462	5,948	22,399
Weighted average number of ordinary shares in issue ('000)	471,201	441,336	471,201	441,336
Effect of dilution from:				
- Share options	4,308	2,199	4,308	2,199
- Share grants	4,308	2,199	4,308	2,199
Conversion of share grants	(1,371)	-	(1,371)	-
- Bonus warrants	235,457	-	235,457	-
Weighted average number of ordinary shares for basic earning per share (unit)	<u>713,903</u>	<u>445,734</u>	<u>713,903</u>	<u>445,734</u>
Diluted EPS (Sen)	-	3.69	0.83	5.03

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**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		Cumulative quarter	
	Current year quarter 31/12/2019 RM'000	Preceding year quarter 31/12/2018 RM'000	Current year to-date 31/12/2019 RM'000	Preceding year to-date 31/12/2018 RM'000
Interest income	404	(206)	1,214	659
Other income:				
Bad debts recovered	-	671	-	1,071
Fair value on deferment	-	-	2,896	-
Miscellaneous	(509)	(399)	74	723
Interest expense	(6)	(2,298)	(25,372)	(3,266)
Depreciation of property, plant and equipment	(373)	(198)	(1,111)	(639)
Amortisation of intangible assets	(508)	(381)	(1,216)	(1,216)
Reversal/(Impairment) loss on:				
- Trade receivables	2	560	805	(1,712)
Employee benefits expense	(7,791)	(9,374)	(30,846)	(31,232)
Gain on disposal of property, plant and equipment	-	-	24	40
Rental of premises	47	(62)	234	(316)
Rental of office equipment	20	(27)	89	(106)

Save as disclosed above and in the Condensed Consolidated Statement of Comprehensive Income, other disclosure items pursuant to Note 1b of Appendix 9B Part A of the Listing Requirements are not applicable to the Group.

**B13 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.

On 5 July 2017, KAF Investment Bank Berhad, on behalf of the Board of Directors of GFM Services Berhad, announced that the Company had 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").

KAF Investment Bank Berhad had, on 17 December 2019, on behalf of the board of Directors of GFM Services Berhad, announced that the Company had entered into the Definitive Agreements with Highbase Strategic Sdn Bhd ("HSSB") and/or the vendors of HSSB pursuant to the Proposals as defined below:

(I) Proposed Subscription of HSSB Shares; and

(II) Proposed Subscription of HSSB RCPS; and

(III) Proposed Call Option Subscription.

(the Proposed Subscription of HSSB Shares, the Proposed Subscription of HSSB RCPS and the Proposed Call Option Subscription are to be collectively referred to as "Proposals")

On 30 December 2019, KAF Investment Bank Berhad, on behalf of the Board of Directors of GFM Services Berhad, announced that the Company had, on 27 December 2019, entered into the supplemental agreements to amend the clauses of the Definitive Agreements.

On 31 December 2019, KAF Investment Bank Berhad, on behalf of the Board of Directors of GFM Services Berhad, announced for additional information in relation to the Proposals on 17 December 2019 and 30 December 2019.

KAF Investment Bank Berhad, on 10 January 2020, on behalf of the Company, had announced that the parties to the Definitive Agreements dated 17 December 2019, the Supplemental Memorandum of Agreement dated 27 December 2019 and the Supplemental HSSB RCPS Subscription Agreement dated 27 December 2019 ("Agreements") had agreed on a supplemental letter to amend the clauses of the Agreements ("Supplemental Letter").

On behalf of the Board of Directors of GFM Services, on 7 January 2020, M&A Securities Sdn Bhd had announced that the Company proposed to undertake a private placement of up to 10% of the issued shares of GFM Services ("Proposed Private Placement"). On 10 January 2020, the additional listing application for the Placement Shares to be issued pursuant to the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad.

On behalf of the Board of Directors of GFM Services Berhad, on 14 January 2020, M&A Securities had announced that Bursa Securities had, vide its letter dated 13 January 2020, approved the listing of and quotation for up to 73,135,509 new ordinary shares to be issued pursuant to the Proposed Private Placement on the ACE Market of Bursa Securities subject to a certain conditions.

**B14 Derivatives**

The Group did not enter into any derivatives during the current quarter under review.

**B15 Disclosure of gain/losses from fair value changes of financial liabilities**

The Group did not have any financial liabilities measured at fair value through profit and loss for the current quarter under review.

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