



**GFM SERVICES BERHAD**

(Company No: 1033141-H)

(Incorporated in Malaysia)

Year 2020

Quarterly Announcement

For the First Quarter Ended 31 March 2020

**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 2020.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Note	Individual quarter		Cumulative period	
		Current year quarter 31/03/2020	Preceding year quarter 31/03/2019	Current year to-date 31/03/2020	Preceding year to-date 31/03/2019
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	A9	31,084	42,438	31,084	42,438
Cost of sales		(19,335)	(25,261)	(19,335)	(25,261)
Gross profit		11,749	17,177	11,749	17,177
Other income		527	777	527	777
Administrative expenses		(2,298)	(3,645)	(2,298)	(3,645)
Other operating expenses		(125)	(71)	(125)	(71)
<b>Profits from operations</b>		9,853	14,238	9,853	14,238
Finance costs		(6,135)	(6,757)	(6,135)	(6,757)
Share of results of an associate, net of tax		-	-	-	-
Profit before tax	B12	3,718	7,481	3,718	7,481
Tax expense	B5	(2,441)	(1,952)	(2,441)	(1,952)
<b>Profit/Total comprehensive income for the period</b>		<u>1,277</u>	<u>5,529</u>	<u>1,277</u>	<u>5,529</u>
<b>Profit for the period attributable to:</b>					
Equity holders of the parent		1,277	5,529	1,277	5,529
Non-controlling interests		-	-	-	-
		<u>1,277</u>	<u>5,529</u>	<u>1,277</u>	<u>5,529</u>
<b>Total comprehensive income for the period attributable to:</b>					
Equity holders of the parent		1,277	5,529	1,277	5,529
Non-controlling interests		-	-	-	-
		<u>1,277</u>	<u>5,529</u>	<u>1,277</u>	<u>5,529</u>
<b>Earnings per share (sen)</b>					
- Basic <sup>(2)</sup>		<u>0.27</u>	<u>1.17</u>	<u>0.27</u>	<u>1.17</u>
- Diluted <sup>(3)</sup>		<u>0.18</u>	<u>0.78</u>	<u>0.18</u>	<u>0.78</u>
Dividends per share (sen)		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**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 financial year ended ("FYE") 31 December 2019 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.

N/A Not applicable

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020**

	Unaudited as at 31/03/2020 <sup>(1)</sup>	Audited as at 31/12/2019
Note	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	21,289	21,537
Intangible assets	25,330	25,634
Investment in associate	433	433
Operating financial assets	298,362	301,419
Other investments	11,620	1,000
<b>Total non-current assets</b>	<u>357,034</u>	<u>350,023</u>
<b>Current assets</b>		
Tax assets	5,070	4,841
Trade receivables	17,932	15,536
Operating financial assets	60,445	60,445
Other receivables, deposits & prepayments	13,295	9,237
Cash and cash equivalents	73,430	80,151
<b>Total current assets</b>	<u>170,172</u>	<u>170,210</u>
<b>Total assets</b>	<u>527,206</u>	<u>520,233</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	67,617	67,617
Retained earnings	82,486	81,209
Share option reserve and share grant reserve	2,014	1,681
Reorganisation deficit	(45,265)	(45,265)
<b>Total equity</b>	<u>106,852</u>	<u>105,242</u>
<b>Non-current liabilities</b>		
Borrowings	B8 320,242	326,903
Deferred tax liabilities	44,535	43,637
<b>Total non-current liabilities</b>	<u>364,777</u>	<u>370,540</u>
<b>Current liabilities</b>		
Borrowings	B8 27,730	27,048
Tax payable	1,228	1,319
Trade payables	9,306	5,884
Other payables and accruals	13,943	10,200
Amount due to directors	3,370	-
<b>Total current liabilities</b>	<u>55,577</u>	<u>44,451</u>
<b>Total liabilities</b>	<u>420,354</u>	<u>414,991</u>
<b>Total equity and liabilities</b>	<u>527,206</u>	<u>520,233</u>
Net assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.23	0.22

(1) The Unaudited Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the FYE 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL PERIOD ENDED 31 MARCH 2020**

	----- 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 RM'000	Total equity RM'000
<b>Balance as of 1 January 2020</b>	67,617	-	710	971	(45,265)	81,209	105,242
<b>Comprehensive income</b>							
Profit for the financial period	-	-	-	-	-	1,277	1,277
Share option issued	-	-	97	-	-	-	97
Share grant issued	-	-	-	236	-	-	236
<b>Balance as of 31 March 2020</b>	<u>67,617</u>	<u>-</u>	<u>807</u>	<u>1,207</u>	<u>(45,265)</u>	<u>82,486</u>	<u>106,852</u>
<b>Balance as of 1 January 2019</b>	66,923	21	161	371	(45,265)	65,702	87,913
<b>Comprehensive income</b>							
Profit for the financial period	-	-	-	-	-	5,529	5,529
Share option issued	-	-	121	-	-	-	121
Share grant issued	-	-	-	278	-	-	278
<b>Balance as of 31 March 2019</b>	<u>66,923</u>	<u>21</u>	<u>282</u>	<u>649</u>	<u>(45,265)</u>	<u>71,231</u>	<u>93,841</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 2019 and the accompanying explanatory notes attached to the interim financial report.

(2) Fair value through other comprehensive income ("FVOCI").

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Year-to-date ended	
	31/03/2020 RM'000	31/03/2019 RM'000
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Profit before tax	3,718	7,481
Adjustment for:		
Amortisation of intangible assets	304	536
(Reversal)/Impairment loss on trade receivables	88	71
Depreciation of property, plant and equipment	403	224
Interest expense	6,135	6,757
Interest income	(490)	(268)
Interest income on operating financial asset	(9,613)	-
	<u>545</u>	<u>14,801</u>
Movements in working capital:		
Increase in:		
Trade and other receivables	(6,542)	(15,681)
Increase in:		
Trade and other payables	7,165	1,438
Decrease in:		
Operating financial assets	12,670	1,991
Share based payment	333	399
Cash Generated From Operations	<u>14,171</u>	<u>2,948</u>
Income tax paid	(1,863)	(1,310)
Interest paid	(6,135)	(6,757)
Interest received	490	268
Net Cash From/(Used in) Operating Activities	<u>6,663</u>	<u>(4,851)</u>
<b>CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES</b>		
Redeemable Convertible Preference Shares (RCPS)	(10,620)	-
Change of escrow account, finance service reserve account, liquidity reserve account, revenue account and disbursement account	(1,667)	394
Change in pledge deposits	(579)	8,688
Purchase of property, plant and equipment	(155)	(1,362)
Net Cash (Used in)/From Investing Activities	<u>(13,021)</u>	<u>7,720</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	-	*
Repayment of finance lease payables	(147)	(396)
Repayment of term loans	(6,314)	(5,230)
Advanced from directors	3,370	-
Net Cash Used In Financing Activities	<u>(3,091)</u>	<u>(5,626)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(9,449)</u>	<u>(2,757)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>28,550</u>	<u>13,738</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<u>19,101</u>	<u>10,981</u>
Cash and cash equivalents comprise:		
Cash and bank balances	19,644	67,365
Deposits with a licensed bank	<u>53,786</u>	<u>23,638</u>
	73,430	91,003
Less: Bank overdraft	(2,069)	(3,061)
Deposits pledged as securities	(9,132)	(23,438)
Escrow account, finance service reserve account, liquidity reserve account, revenue account and disbursement account	(43,128)	(53,523)
	<u>19,101</u>	<u>10,981</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 2019 and the accompanying explanatory notes attached to the interim financial report.

\* Denotes < RM1,000

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2020****A COMPLIANCE WITH MALAYSIA FINANCIAL REPORTING STANDARD (MFRS) 134: INTERIM FINANCIAL REPORTING AND THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")("LISTING REQUIREMENTS")****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 March 2020 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 2019 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 FYE 31 December 2019.

**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 2019, except for the adoption of the following which are effective for the financial year beginning on or after 1 January 2020:

MFRS 3	Business Combinations (Amendments to MFRS 3)
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments (Amendments to MFRS 9)
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 17	Insurance Contracts
MFRS 101	Presentation of Financial Statements
MFRS 107	Statement of Cash Flows (Amendments to MFRS 107)
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error
MFRS 112	Income Taxes (Amendments to MFRS 112)
MFRS 116	Property, Plant and Equipment (Amendments to MFRS 116)
MFRS 119	Employee Benefits (Amendments to MFRS 119)
MFRS 132	Financial instruments: Presentation (Amendments to MFRS 132)
MFRS 136	Impairment of Assets (Amendments to MFRS 136)
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets (Amendments to MFRS 137)
MFRS 138	Intangible Assets (Amendments to MFRS 138)
MFRS 139	Financial Instruments: Recognition and Measurement (Amendments to MFRS 139)
MFRS 140	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 2019 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**

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

**A9 Segmental Information**
**Current year to date 31 March 2020**

	Facilities Management Services RM'000	Concession arrangements RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
<b>Revenue</b>					
External revenue	19,367	12,624	-	(907)	31,084
Inter-segment revenue	2,764	-	1,672	(4,436)	-
	<u>22,131</u>	<u>12,624</u>	<u>1,672</u>	<u>(5,343)</u>	<u>31,084</u>
<b>Profits from operations</b>					
External profit/(loss)	1,603	10,091	-	(1,841)	9,853
Inter-segment profit	442	-	937	(1,379)	-
	<u>2,045</u>	<u>10,091</u>	<u>937</u>	<u>(3,220)</u>	<u>9,853</u>

**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 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.

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

For the three months period ended 31 March 2020 ("1Q 2020"), the Group's revenue decreased by 27% year-on-year ("YoY") to RM31.1 million, as compared to RM42.4 million in the previous year's corresponding period ("1Q 2019"). This was primarily attributable to lower revenue recognition in 1Q 2020 following the completion of several major facilities management projects.

The Group's Facilities Management Services segment remained as the major revenue contributor with RM19.4 million in 1Q 2020, making up 62% of the Group's revenue, while the Concession Arrangements segment accounted for the remaining 38% worth RM11.7 million after consolidation adjustment.

The Group recorded a gross profit margin of 38% in 1Q2020, comparable with 40% in 1Q2019.

In tandem with lower revenue base, the Group's profit before tax ("PBT") stood at RM3.7 million in 1Q 2020, as compared to RM7.5 million in 1Q 2019.

Net profit attributable to equity holders of the parent ("net profit") amounted to RM1.3 million for 1Q 2020.

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

	Current year quarter 31/03/2020 RM'000	Preceding quarter 31/12/2019 RM'000	Variance RM'000	%
Revenue	31,084	24,289	6,795	28%
Profit before tax	3,718	463	3,255	703%

For the quarter under review 1Q 2020, Group's revenue stood at RM31.1 million, 28% higher from RM24.3 million in the immediate preceding quarter ended 31 December 2019 ("4Q 2019"). This was mainly due to higher variation orders and recognition of maintenance reserve fund ("MRF") account as GFM carried out maintenance works at UiTM Tapah in 1Q 2020.

1Q 2020 gross profit margin expanded to 38% from 23% 4Q 2019, in line with the higher revenue. GFM recorded a higher pre-tax profit of RM3.7 million for the period under review, as compared to RM0.5 million in 4Q 2019.

**B3 Prospects**

For Financial Year ("FY") 2020, we expect the challenging operating landscape to persist with subdued market sentiment, following the Covid-19 pandemic. In an effort to contain the outbreak, the Malaysian government implemented a Movement Control Order ("MCO") on 18 March 2020, resulting in a disruption of economic activities. However, in May 2020, the government eased conditions slightly with the enforcement of a Conditional MCO, allowing almost all businesses to open with conditions.

Keeping that in mind, we are cognisant of these temporary setbacks and remain focused on building a solid foundation to navigate through this challenging period. In terms of organic growth, we are continuously bidding for more jobs in the local Facilities Management space. We endeavour to strengthen our core business of facilities management while executing the Group's outstanding orderbook of RM1.26 billion, as at 31 March 2020. The gradual revenue recognition of our orderbook, of which a majority is made up of KP Mukah, provides long-term earnings visibility with stable consistent income for the remaining 15 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 remains steadfast in implementing our ongoing initiatives as we focus on enhancing our capabilities while executing and solidifying our 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		Cummulative period	
	Current year quarter 31/03/2020 RM'000	Preceding year quarter 31/03/2019 RM'000	Current year to-date 31/03/2020 RM'000	Preceding year to-date 31/03/2019 RM'000
Income tax				
Current period	1,543	1,821	1,543	1,821
Prior period	-	-	-	-
	<u>1,543</u>	<u>1,821</u>	<u>1,543</u>	<u>1,821</u>
Deferred tax				
Current period	898	131	898	131
Prior period	-	-	-	-
	<u>2,441</u>	<u>1,952</u>	<u>2,441</u>	<u>1,952</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 March 2020 which are denominated in Ringgit Malaysia are as follows:

	Unaudited as at 31/03/2020 RM'000	Audited as at 31/12/2019 RM'000
<b>Short-term indebtedness:</b>		
Secured and guaranteed Borrowings	27,730	27,048
<b>Long-term indebtedness:</b>		
Secured and guaranteed Borrowings	<u>320,242</u>	<u>326,903</u>
<b>Total indebtedness</b>	<u><u>347,972</u></u>	<u><u>353,951</u></u>

**B9 Material Litigation**

There were no material litigations pending as at 21 May 2020.

**B10 Dividend**

In the Annual Report for FYE 31 December 2019, it was disclosed that at the forthcoming Annual General Meeting, a single tier final dividend of 0.1771 sen per ordinary share, amounting to RM836,194 in respect of the FYE 31 December 2019, will be proposed for the shareholders' approval. The financial statements for the FYE 31 December 2019 do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

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

	Individual quarter		Cumulative period	
	Current year quarter 31/03/2020 RM'000	Preceding year quarter 31/03/2019 RM'000	Current year to-date 31/03/2020 RM'000	Preceding year to-date 31/03/2019 RM'000
<b>BASIC EPS</b>				
Profit for the period (RM'000)	1,277	5,529	1,277	5,529
Number of ordinary shares in issue ('000)	472,285	470,913	472,285	470,913
Basic EPS (Sen)	0.27	1.17	0.27	1.17
<b>DILUTED EPS</b>				
Profit for the period (RM'000)	1,277	5,529	1,277	5,529
Number of ordinary shares in issue ('000)	470,953	470,913	470,953	470,913
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	(605)	-	(605)	-
- Bonus warrants	235,457	235,457	235,457	235,457
Weighted average number of ordinary shares for basic earning per share (unit)	<u>714,421</u>	<u>710,768</u>	<u>714,421</u>	<u>710,768</u>
Diluted EPS (Sen)	0.18	0.78	0.18	0.78

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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	Preceding year	Current year	Preceding year
	quarter	quarter	to-date	to-date
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	RM'000	RM'000	RM'000	RM'000
Interest income	490	268	490	268
Other income:				
Miscellaneous	37	509	37	509
Interest expense	(6,135)	(6,757)	(6,135)	(6,757)
Depreciation of property, plant and equipment	(403)	(224)	(403)	(224)
Amortisation of intangible assets	(304)	(536)	(304)	(536)
Impairment loss on:				
- Trade receivables	(88)	(71)	(88)	(71)
Employee benefits expense	(6,656)	(8,905)	(6,656)	(8,905)
Rental of premises	(31)	(92)	(31)	(92)
Rental of office equipment	(28)	(35)	(28)	(35)

**B13 Status of corporate proposals**

Save as disclosed below, there is no 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 Company, KAF IB had announced that the parties to the Memorandum of Agreement dated 17 December 2019 had, on 4 April 2020, agreed on a supplemental letter to further extend the last day to fulfil the conditions subsequent of the Memorandum of Agreement commencing from 5 April 2020 and ending on the 45th day after the Movement Control Order under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 is lifted by the Government of Malaysia ("Supplemental Letter 3").

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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