



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

Year 2020
Quarterly Announcement
For the Second Quarter Ended 30 June 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") 30 June 2020.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2020

	Note	Individual quarter		Cumulative period	
		Current year quarter 30/06/2020	Preceding year quarter 30/06/2019	Current year to-date 30/06/2020	Preceding year to-date 30/06/2019
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	26,570	32,812	57,654	75,250
Cost of sales		(14,536)	(20,376)	(33,871)	(45,637)
Gross profit		12,034	12,436	23,783	29,613
Other income		544	263	1,072	1,040
Administrative expenses		(2,389)	(3,010)	(4,688)	(6,655)
Other operating expenses		194	1,010	69	939
Profits from operations		10,383	10,699	20,236	24,937
Finance costs		(5,582)	(6,519)	(11,717)	(13,275)
Share of results of an associate, net of tax		-	-	-	-
Profit before tax	B12	4,801	4,180	8,519	11,662
Tax expense	B5	(2,739)	(1,087)	(5,180)	(3,040)
Profit/Total comprehensive income for the period		<u>2,062</u>	<u>3,093</u>	<u>3,339</u>	<u>8,622</u>
Profit for the period attributable to:					
Equity holders of the parent		2,062	3,093	3,339	8,622
Non-controlling interests		-	-	-	-
		<u>2,062</u>	<u>3,093</u>	<u>3,339</u>	<u>8,622</u>
Total comprehensive income for the period attributable to:					
Equity holders of the parent		2,062	3,093	3,339	8,622
Non-controlling interests		-	-	-	-
		<u>2,062</u>	<u>3,093</u>	<u>3,339</u>	<u>8,622</u>
Earnings per share (sen)					
- Basic ⁽²⁾		<u>0.44</u>	<u>0.66</u>	<u>0.71</u>	<u>1.83</u>
- Diluted ⁽³⁾		<u>0.43</u>	<u>0.43</u>	<u>0.70</u>	<u>1.21</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 30 JUNE 2020

	Unaudited as at 30/06/2020 ⁽¹⁾	Audited as at 31/12/2019
Note	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	20,938	21,537
Intangible assets	25,026	25,634
Investment in associate	433	433
Operating financial assets	295,238	301,419
Other investments	<u>11,620</u>	<u>1,000</u>
Total non-current assets	<u>353,255</u>	<u>350,023</u>
Current assets		
Tax assets	4,362	4,841
Trade receivables	17,516	15,536
Operating financial assets	60,445	60,445
Other receivables, deposits & prepayments	12,567	9,237
Cash and cash equivalents	<u>78,727</u>	<u>80,151</u>
Total current assets	<u>173,617</u>	<u>170,210</u>
Total assets	<u>526,872</u>	<u>520,233</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	75,409	67,617
Retained earnings	84,548	81,209
Share option reserve and share grant reserve	2,237	1,681
Reorganisation deficit	<u>(45,265)</u>	<u>(45,265)</u>
Total equity	<u>116,929</u>	<u>105,242</u>
Non-current liabilities		
Borrowings	B8 313,950	326,903
Deferred tax liabilities	<u>45,432</u>	<u>43,637</u>
Total non-current liabilities	<u>359,382</u>	<u>370,540</u>
Current liabilities		
Borrowings	B8 28,978	27,048
Tax payable	1,228	1,319
Trade payables	8,910	5,884
Other payables and accruals	<u>11,445</u>	<u>10,200</u>
Total current liabilities	<u>50,561</u>	<u>44,451</u>
Total liabilities	<u>409,943</u>	<u>414,991</u>
Total equity and liabilities	<u>526,872</u>	<u>520,233</u>
Net assets per share attributable to equity holders of the Company (RM)	0.25	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 30 JUNE 2020

	----- Attributable to owners of the Company -----						
	Share capital RM'000	Fair value reserve of financial assets at FVOCI ⁽²⁾ RM'000	Share option reserve RM'000	Share grant reserve RM'000	Reorganisation deficit RM'000	Retained earnings RM'000	Total equity RM'000
Balance as of 1 January 2020	67,617	-	710	971	(45,265)	81,209	105,242
Comprehensive income							
Profit for the financial period	-	-	-	-	-	3,339	3,339
Transactions with owners							
Issue of ordinary shares	7,792	-	-	-	-	-	7,792
Share option issued	-	-	161	-	-	-	161
Share grant issued	-	-	-	395	-	-	395
Balance as of 30 June 2020	<u>75,409</u>	<u>-</u>	<u>871</u>	<u>1,366</u>	<u>(45,265)</u>	<u>84,548</u>	<u>116,929</u>
Balance as of 1 January 2019	66,923	21	161	371	(45,265)	65,702	87,913
Comprehensive income							
Profit for the financial period	-	-	-	-	-	8,622	8,622
Transactions with owners							
Issue of ordinary shares	*	-	-	-	-	-	*
Share option issued	-	-	274	-	-	-	274
Share grant issued	-	-	-	636	-	-	636
Balance as of 30 June 2019	<u>66,923</u>	<u>21</u>	<u>435</u>	<u>1,007</u>	<u>(45,265)</u>	<u>74,324</u>	<u>97,445</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 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 30 JUNE 2020

	Year-to-date ended	
	30/06/2020	30/06/2019
	RM'000	RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before tax	8,519	11,662
Adjustment for:		
Amortisation of intangible assets	608	1,073
(Reversal)/Impairment loss on trade receivables	(69)	(941)
Bad debts recovered	(37)	-
Depreciation of property, plant and equipment	814	466
Gain on disposal of property, plant and equipment	-	(24)
Interest expense	11,717	13,275
Interest income	(850)	(503)
Interest income on operating financial asset	(9,613)	-
Loss on disposal of other investments	-	21
	<u>11,089</u>	<u>25,029</u>
Movements in working capital:		
Increase in:		
Trade and other receivables	(5,204)	(15,123)
Increase/(Decrease) in:		
Trade and other payables	4,270	(4,906)
Decrease in:		
Operating financial assets	15,793	7,621
Share based payment	556	910
Cash Generated From Operations	<u>26,504</u>	<u>13,531</u>
Income tax paid	(2,996)	(2,905)
Interest paid	(11,717)	(13,275)
Interest received	850	503
Net Cash From/(Used in) Operating Activities	<u>12,641</u>	<u>(2,146)</u>
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		
Redeemable Convertible Preference Shares (RCPS)	(10,620)	-
Change of escrow account, finance service reserve account, liquidity reserve account, revenue account and disbursement account	3,348	3,838
Change in pledge deposits	(729)	13,803
Drawdown other investments	-	500
Private placement	-	-
Purchase of property, plant and equipment	(215)	(1,800)
Net Cash (Used in)/From Investing Activities	<u>(8,216)</u>	<u>16,341</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from issuance of shares	7,793	*
Repayment of finance lease payables	(252)	(637)
Repayment of term loans	(12,481)	(11,253)
Advanced from directors	-	-
Net Cash Used In Financing Activities	<u>(4,940)</u>	<u>(11,890)</u>
EFFECT OF EXCHANGE RATE CHANGES	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(515)	2,305
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>28,550</u>	<u>13,738</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>28,035</u>	<u>16,043</u>
Cash and cash equivalents comprise:		
Cash and bank balances	30,392	68,787
Fixed deposits with a licensed bank	<u>48,335</u>	<u>18,523</u>
	<u>78,727</u>	<u>87,310</u>
Less: Bank overdraft	(3,298)	(2,865)
Deposits pledged as securities	(9,281)	(18,323)
Escrow account, finance service reserve account, liquidity reserve account, revenue account and disbursement account	(38,113)	(50,079)
	<u>28,035</u>	<u>16,043</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 30 JUNE 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 30 June 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

Save for allotments and issuance of 47,228,400 new ordinary shares in the Company at the issue price of RM0.165 per share pursuant to the private placement announced on 17 December 2019, 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

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

A9 Segmental Information
Current year to date 30 June 2020

	Facilities Management Services RM'000	Concession arrangements RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
Revenue					
External revenue	35,862	23,606	-	(1,814)	57,654
Inter-segment revenue	3,888	-	3,100	(6,988)	-
	<u>39,750</u>	<u>23,606</u>	<u>3,100</u>	<u>(8,802)</u>	<u>57,654</u>
Profits from operations					
External profit/(loss)	2,518	20,270	-	(2,552)	20,236
Inter-segment profit	2,112	-	1,776	(3,888)	-
	<u>4,629</u>	<u>20,270</u>	<u>1,776</u>	<u>(6,440)</u>	<u>20,236</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 six months period ended 30 June 2020 ("1H 2020"), the Group's revenue decreased by 23% year-on-year ("YoY") to RM57.7 million, as compared to RM75.3 million in the previous year's corresponding period ("1H 2019"). This was primarily attributable to lower revenue recognition following the completion of several major facilities management contracts, partially offset by the clinching of new FM contract to manage facilities within the education hub, EduCity Iskandar Malaysia ("EduCity Iskandar").

The Group's Facilities Management Services segment remained as the major revenue contributor with RM35.9 million in 1H 2020, making up 62% of the Group's revenue, while the Concession Arrangements business accounted for the remaining 38% worth RM21.8 million after consolidation adjustment.

Meanwhile, the Group's gross profit margin expanded to 41% in 1H 2020 from 39% in 1H 2019, mainly on the back of lower operating costs incurred during the Movement Control Order ("MCO") and Conditional MCO ("CMCO") period.

In tandem with lower revenue base, the Group's profit before tax ("PBT") stood at RM8.5 million in 1H 2020, as compared to RM11.7 million in 1H 2019.

Net profit attributable to equity holders of the parent ("net profit") amounted to RM3.3 million for 1H 2020.

B2 Comparison with preceding quarter's results

	Current year quarter 30/06/2020 RM'000	Preceding quarter 31/03/2020 RM'000	Variance RM'000	%
Revenue	26,570	31,084	(4,514)	-15%
Profit before tax	4,801	3,718	1,083	29%

For the quarter under review ("2Q 2020"), the Group revenue stood at RM26.6 million, 15% lower against RM31.1 million in the immediate preceding quarter ended 31 March 2020 ("1Q 2020"). This can be primarily attributable to lower variation orders received during the period. The variation orders were for the facilities management services segment and any receipt of variation orders would entail increased job scope and thus, higher revenue for services provided by GFM to its customers.

Meanwhile, 2Q 2020 gross profit margin expanded to 45% from 38% in 1Q 2020 due to lower operating costs incurred during the MCO and CMCO period.

GFM's administrative expenses also fell by 21% to RM2.4 million from RM3.0 million, mainly attributable to the Group's cost rationalisation initiatives.

GFM recorded a higher pre-tax profit of RM4.8 million for the quarter under review, as compared to RM3.7 million in 1Q 2020.

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 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 CMCO, 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 RM1.23 billion, as at 30 June 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		Cumulative period	
	Current year quarter 30/06/2020 RM'000	Preceding year quarter 30/06/2019 RM'000	Current year to-date 30/06/2020 RM'000	Preceding year to-date 30/06/2019 RM'000
Income tax				
Current period	1,841	1,154	3,384	2,975
Prior period	-	-	-	-
	<u>1,841</u>	<u>1,154</u>	<u>3,384</u>	<u>2,975</u>
Deferred tax				
Current period	898	(67)	1,796	65
Prior period	-	-	-	-
	<u>2,739</u>	<u>1,087</u>	<u>5,180</u>	<u>3,040</u>

B5 Taxation (Continued)

	Individual Current year quarter 30/06/2020 RM'000	Cumulative Current year to-date 30/6/2020 RM'000
Profit before tax	4,801	8,518
Adjusted profit before tax ¹	7,459	13,591
Taxation	2,739	5,180
Adjusted effective tax rate ("ETR")	37%	38%

¹ In the computation of Group ETR, it is excluded the exempted company taxation effects of Dynasty Harmony Sdn Bhd ("DHSB"), a wholly-owned special purpose vehicle of GFM Group, to undertake the initial issuance of Sukuk Wakalah amounting to RM165 million in nominal value, being established solely for the issuance of Islamic Securities that adopt the principles of Syariah and approved by Securities Commission Malaysia.

The Group's ETR 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 30 June 2020 which are denominated in Ringgit Malaysia are as follows:

	Unaudited as at 30/06/2020 RM'000	Audited as at 31/12/2019 RM'000
Short-term indebtedness:		
Secured and guaranteed Borrowings	28,978	27,048
Long-term indebtedness:		
Secured and guaranteed Borrowings	<u>313,950</u>	<u>326,903</u>
Total indebtedness	<u><u>342,928</u></u>	<u><u>353,951</u></u>

B9 Material Litigation

There were no material litigations pending as at 27 August 2020.

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 30/06/2020 RM'000	Preceding year quarter 30/06/2019 RM'000	Current year to-date 30/06/2020 RM'000	Preceding year to-date 30/06/2019 RM'000
BASIC EPS				
Profit for the period (RM'000)	2,062	3,093	3,339	8,622
Weighted average number of ordinary shares in issue ('000)	472,544	470,914	472,544	470,914
Basic EPS (Sen)	0.44	0.66	0.71	1.83
DILUTED EPS				
Profit for the period (RM'000)	2,062	3,093	3,339	8,622
Weighted average number of ordinary shares in issue ('000)	472,544	470,913	472,544	470,913
Effect of dilution from:				
- Share options	-	4,308	-	4,308
- Share grants	4,308	4,308	4,308	4,308
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><u>475,481</u></u>	<u><u>714,986</u></u>	<u><u>475,481</u></u>	<u><u>714,986</u></u>
Diluted EPS (Sen)	0.43	0.43	0.70	1.21

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 30/06/2020 RM'000	Preceding year quarter 30/06/2019 RM'000	Current year to-date 30/06/2020 RM'000	Preceding year to-date 30/06/2019 RM'000
Interest income	360	235	850	503
Other income:				
Bad debts recovered	-	-	37	-
Miscellaneous	185	28	222	537
Interest expense	(5,582)	(6,519)	(11,717)	(13,275)
Depreciation of property, plant and equipment	(411)	(242)	(814)	(466)
Amortisation of intangible assets	(304)	(536)	(608)	(1,073)
Reversal/(Impairment) loss on:				
- Trade receivables	157	1,012	69	941
- Goodwill	-	-	-	-
- Inventories	-	-	-	-
Employee benefits expense	(6,281)	(7,492)	(12,938)	(16,398)
Rental of premises	(30)	(50)	(61)	(142)
Rental of office equipment	(30)	(9)	(58)	(44)

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 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 30 June 2020, M&A Securities Sdn Bhd had announced that the Private Placement is completed on 30 June 2020.

B14 Status of utilisation of proceeds

i) Status of Utilisation of Proceeds from Private Placement

No.	Purpose	Proposed Utilisation		Actual Utilisation/ Actual Amount Raised	Intended timeframe for utilisation from listing date (30 June 2020)	Balance of unutilised proceeds
		Base Scenario RM'000	Maximum Scenario RM'000			
1.	Part finance the subscription of the redeemable preference shares ("RCPS") of Highbase Strategic Sdn Bhd ("HSSB")	12,252	19,046	7,553	Within 6 months	-
2.	Estimated expenses for the Proposed Private Placement	500	700	240	Within 1 month	-
		12,752	19,746	7,793		-

ⁱ Proposed Utilisation as disclosed in the Explanatory Statement Cum Circular to shareholder dated 7 January 2020 in relation to the fund raising to subscribe for the RCPS.

B15 Derivatives

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

B16 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.