



**GFM SERVICES BERHAD**

[Registration No. 201301003302 (1033141-H)]  
(Incorporated in Malaysia)

Year 2020

Quarterly Announcement

For the Third Quarter Ended 30 September 2020

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 2020.

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

	Note	Individual quarter		Cumulative period	
		Current year quarter 30/09/2020	Preceding year quarter 30/09/2019	Current year to-date 30/09/2020	Preceding year to-date 30/09/2019
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	A9	26,909	31,050	84,563	106,301
Cost of sales		(16,246)	(21,216)	(50,117)	(66,853)
Gross profit		10,663	9,834	34,446	39,448
Other income		1,243	328	2,315	1,368
Administrative expenses		(2,662)	(2,877)	(7,350)	(9,532)
Other operating expenses		487	(140)	556	798
<b>Profits from operations</b>		9,731	7,145	29,967	32,082
Finance costs		(5,400)	(5,907)	(17,117)	(19,182)
Share of results of an associate, net of tax		-	54	-	54
Profit before tax	B12	4,331	1,292	12,850	12,954
Tax expense	B5	(2,421)	(789)	(7,601)	(3,828)
<b>Profit/Total comprehensive income for the period</b>		<u>1,910</u>	<u>503</u>	<u>5,249</u>	<u>9,126</u>
<b>Profit for the period attributable to:</b>					
Equity holders of the parent		1,910	503	5,249	9,126
Non-controlling interests		-	-	-	-
		<u>1,910</u>	<u>503</u>	<u>5,249</u>	<u>9,126</u>
<b>Total comprehensive income for the period attributable to:</b>					
Equity holders of the parent		1,910	503	5,249	9,126
Non-controlling interests		-	-	-	-
		<u>1,910</u>	<u>503</u>	<u>5,249</u>	<u>9,126</u>
<b>Earnings per share (sen)</b>					
- Basic <sup>(2)</sup>		<u>0.39</u>	<u>0.11</u>	<u>1.07</u>	<u>1.94</u>
- Diluted <sup>(3)</sup>		<u>0.39</u>	<u>0.07</u>	<u>1.07</u>	<u>1.28</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.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020**

	Unaudited as at 30/09/2020 <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	20,205	21,537
Intangible assets	24,722	25,634
Investment in associate	433	433
Operating financial assets	292,050	301,419
Other investments	14,000	1,000
<b>Total non-current assets</b>	<u>351,410</u>	<u>350,023</u>
<b>Current assets</b>		
Tax assets	4,277	4,841
Trade receivables	17,314	15,536
Operating financial assets	60,445	60,445
Other receivables, deposits & prepayments	13,633	9,237
Cash and cash equivalents	73,045	80,151
<b>Total current assets</b>	<u>168,714</u>	<u>170,210</u>
<b>Total assets</b>	<u>520,124</u>	<u>520,233</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	75,409	67,617
Retained earnings	85,538	81,209
Share option reserve and share grant reserve	2,237	1,681
Reorganisation deficit	(45,265)	(45,265)
<b>Total equity</b>	<u>117,919</u>	<u>105,242</u>
<b>Non-current liabilities</b>		
Borrowings	B8 307,640	326,903
Deferred tax liabilities	46,330	43,637
<b>Total non-current liabilities</b>	<u>353,970</u>	<u>370,540</u>
<b>Current liabilities</b>		
Borrowings	B8 26,881	27,048
Tax payable	1,373	1,319
Trade payables	6,282	5,884
Other payables and accruals	13,699	10,200
<b>Total current liabilities</b>	<u>48,235</u>	<u>44,451</u>
<b>Total liabilities</b>	<u>402,205</u>	<u>414,991</u>
<b>Total equity and liabilities</b>	<u>520,124</u>	<u>520,233</u>
Net assets per share attributable to equity holders of the Company (RM)	0.24	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 SEPTEMBER 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	-	-	-	-	-	5,249	5,249
<b>Transactions with owners</b>							
Issue of ordinary shares	7,792	-	-	-	-	-	7,792
Dividends paid on shares	-	-	-	-	-	(920)	(920)
Share option issued	-	-	161	-	-	-	161
Share grant issued	-	-	-	395	-	-	395
<b>Balance as of 30 September 2020</b>	<u>75,409</u>	<u>-</u>	<u>871</u>	<u>1,366</u>	<u>(45,265)</u>	<u>85,538</u>	<u>117,919</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	-	-	-	-	-	9,126	9,126
Drawdown of investment	-	(21)	-	-	-	-	(21)
<b>Transactions with owners</b>							
Issue of ordinary shares	*	-	-	-	-	-	*
Dividends paid on shares	-	-	-	-	-	(5,200)	(5,200)
Share option issued	306	-	146	-	-	-	452
Share grant issued	-	-	-	1,057	-	-	1,057
<b>Balance as of 30 September 2019</b>	<u>67,229</u>	<u>-</u>	<u>307</u>	<u>1,428</u>	<u>(45,265)</u>	<u>69,628</u>	<u>93,327</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").

\* Denotes < RM1,000

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

	Year-to-date ended	
	30/09/2020 RM'000	30/09/2019 RM'000
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Profit before tax	12,850	12,954
Adjustment for:		
Amortisation of intangible assets	912	1,609
(Reversal)/Impairment loss on trade receivables	(593)	(803)
Depreciation of property, plant and equipment	1,211	738
Gain on disposal of property, plant and equipment	(81)	(24)
Interest expense	17,117	19,182
Interest income	(1,030)	(809)
Interest income on operating financial asset	(25,933)	(29,456)
Share of results of an associate	-	(54)
	<u>4,453</u>	<u>3,337</u>
Movements in working capital:		
Increase in:		
Trade and other receivables	(5,580)	(11,959)
Increase/(Decrease) in:		
Trade and other payables	3,897	(230)
Decrease in:		
Operating financial assets	35,301	39,665
Share based payment	556	1,203
Cash Generated From Operations	<u>38,627</u>	<u>32,016</u>
Income tax paid	(4,289)	(4,555)
Interest paid	(17,117)	(19,182)
Interest received	<u>1,030</u>	<u>809</u>
Net Cash From Operating Activities	<u>18,251</u>	<u>9,088</u>
<b>CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES</b>		
Redeemable Convertible Preference Shares (RCPS)	(13,000)	-
Change of escrow account, finance service reserve account, liquidity reserve account, revenue account and disbursement account	(739)	2,617
Change in pledge deposits	2,767	13,142
Drawdown other investments	-	500
Purchase of property, plant and equipment	(204)	(2,658)
Proceeds from disposal of property, plant and equipment	434	-
Net Cash (Used in)/From Investing Activities	<u>(10,742)</u>	<u>13,601</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	7,793	306
Repayment of finance lease payables	(896)	(952)
Repayment of term loans	(18,470)	(17,451)
Dividend paid	(920)	(5,200)
Net Cash Used In Financing Activities	<u>(12,493)</u>	<u>(23,297)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(4,984)</u>	<u>(608)</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>23,566</u>	<u>13,130</u>
Cash and cash equivalents comprise:		
Cash and bank balances	26,766	49,227
Fixed deposits with a licensed bank	<u>46,279</u>	<u>36,252</u>
	73,045	85,479
Less: Bank overdraft	(1,494)	(2,065)
Deposits pledged as securities	(5,785)	(18,984)
Escrow account, finance service reserve account, liquidity reserve account, revenue account and disbursement account	<u>(42,200)</u>	<u>(51,300)</u>
	<u>23,566</u>	<u>13,130</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.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 September 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:

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to References to the Conceptual Framework in MFRSs	
Amendments to MFRS 16	Covid-19 - Related Rent Concessions
Amendments to MFRS 9, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRSs 2018 - 2020	
Amendments to MFRS 4	Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

**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 and allotments and issuance of 1,367,500 new ordinary shares in the Company at the issue price of RM0.4490 per share pursuant to the Employees' Share Grant Scheme (ESGS) announced on 2 October 2020, 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 0.1771 sen per ordinary share in respect of the FYE 31 December 2019 amounting RM 920,032 which was paid on 28 August 2020 to shareholders whose names appear on the Record of Depositors on 14 August 2020. Under current rules, single tier dividends are not taxable in the hand of shareholders.

**A9 Segmental Information**
**Current year to date 30 September 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	52,097	35,187	-	(2,721)	84,563
Inter-segment revenue	5,670	-	6,656	(12,326)	-
	<u>57,767</u>	<u>35,187</u>	<u>6,656</u>	<u>(15,047)</u>	<u>84,563</u>
<b>Profits from operations</b>					
External profit /(loss)	5,860	30,424	-	(6,317)	29,967
Inter-segment profit	1,069	-	4,295	(5,364)	-
	<u>6,929</u>	<u>30,424</u>	<u>4,295</u>	<u>(11,681)</u>	<u>29,967</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 nine-months period ended 30 September 2020 ("9M 2020"), the Group's revenue decreased by 20% year-on-year ("YoY") to RM84.6 million, as compared to RM106.3 million in the previous year's corresponding period ("9M 2019") This was primarily attributable to lower revenue recognition following the completion of several major facilities management projects.

The Group's Facilities Management Services segment remained as the major revenue contributor with RM52.1million in 9M 2020, making up 62% of the Group's revenue, while the Concession Arrangements business accounted for the remaining 38% worth RM32.5 million after consolidation adjustment.

Meanwhile, the Group's gross profit margin expanded to 41% in 9M 2020 from 37% in 9M 2019, mainly on the back of lower operating costs incurred.

The Group's profit before tax ("PBT") stood at RM12.9 million in 9M 2020, as compared to RM13.0 million in 9M 2019 mainly attributable to lower revenue recorded during the 9M 2020.

Net profit attributable to equity holders of the parent ("net profit") amounted to RM5.2 million for 9M 2020.

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

	Current year quarter 30/09/2020 RM'000	Preceding quarter 30/06/2020 RM'000	Variance RM'000	%
Revenue	26,909	26,570	339	1%
Profit before tax	4,331	4,801	(470)	-10%

For the current quarter ended 30 September 2020 ("3Q 2020"), the Group's revenue remained comparable at RM26.9 million from RM26.6 million in the immediate preceding quarter ended 30 June 2020 ("2Q 2020"), as we continued to execute our orderbook.

Meanwhile, gross profit margin narrowed to 40% in 3Q 2020 from 45% in 2Q 2020, as our operating expenses normalised in 3Q 2020 due to full resumption of our business activities in line with the easing of the Movement Control Order.

GFM's pre-tax profit stood at RM4.3 million for the quarter under review, as compared to RM4.8 million in 2Q 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 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. To date, we have successfully secured contracts to manage facilities within the education hub EduCity Iskandar Malaysia, as well as the provision of operations and maintenance ("O&M") services at the Pengerang Integrated Complex ("PIC").

We endeavour to strengthen our core business of facilities management while executing the Group's outstanding orderbook of RM1.2 billion, as at 30 September 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 30/09/2020 RM'000	Preceding year quarter 30/09/2019 RM'000	Current year to-date 30/09/2020 RM'000	Preceding year to-date 30/09/2019 RM'000
Income tax				
Current period	1,524	846	4,908	4,047
Prior period	-	226	-	-
	<u>1,524</u>	<u>1,072</u>	<u>4,908</u>	<u>4,047</u>
Deferred tax				
Current period	897	(283)	2,693	(219)
Prior period	-	-	-	-
	<u>2,421</u>	<u>789</u>	<u>7,601</u>	<u>3,828</u>



**B5 Taxation (Continued)**

	Individual Current year quarter 30/09/2020 RM'000	Cumulative Current year to-date 30/09/2020 RM'000
Profit before tax	4,331	12,850
Adjusted profit before tax <sup>1</sup>	6,974	20,566
Taxation	2,421	7,601
Adjusted effective tax rate ("ETR")	35%	37%

<sup>1</sup> The computation of the Group's ETR, excludes 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.

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 September 2020 which are denominated in Ringgit Malaysia are as follows:

	Unaudited as at 30/09/2020 RM'000	Audited as at 31/12/2019 RM'000
<b>Short-term indebtedness:</b>		
Secured and guaranteed Borrowings	26,881	27,048
<b>Long-term indebtedness:</b>		
Secured and guaranteed Borrowings	<u>307,640</u>	<u>326,903</u>
<b>Total indebtedness</b>	<u><u>334,521</u></u>	<u><u>353,951</u></u>

**B9 Material Litigation**

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

**B10 Dividend**

Save as disclosed in Note A8, 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 30/09/2020 RM'000	Preceding year quarter 30/09/2019 RM'000	Current year to-date 30/09/2020 RM'000	Preceding year to-date 30/09/2019 RM'000
<b>BASIC EPS</b>				
Profit for the period (RM'000)	1,910	503	5,249	9,126
Weighted average number of ordinary shares in issue ('000)	488,315	470,953	488,315	470,953
Basic EPS (Sen)	0.39	0.11	1.07	1.94
<b>DILUTED EPS</b>				
Profit for the period (RM'000)	1,910	503	5,249	9,126
Weighted average number of ordinary shares in issue ('000)	488,315	470,953	488,315	470,953
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)	(605)	(1,371)	(605)
- Bonus warrants	-	235,457	-	235,457
Weighted average number of ordinary shares for basic earning per share (unit)	<u><u>491,252</u></u>	<u><u>714,421</u></u>	<u><u>491,252</u></u>	<u><u>714,421</u></u>
Diluted EPS (Sen)	0.39	0.07	1.07	1.28

**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 30/09/2020 RM'000	Preceding year quarter 30/09/2019 RM'000	Current year to-date 30/09/2020 RM'000	Preceding year to-date 30/09/2019 RM'000
Interest income	180	306	1,030	809
Other income:				
Bad debts recovered	-	-	37	-
Gain on disposal of property, plant and equipment	81	-	81	24
Miscellaneous	1,063	22	1,285	559
Interest expense	(5,400)	(5,907)	(17,117)	(19,182)
Depreciation of property, plant and equipment	(397)	(272)	(1,211)	(738)
Amortisation of intangible assets	(305)	(536)	(912)	(1,609)
Reversal/(Impairment) loss on:				
- Trade receivables	487	(138)	593	803
Employee benefits expense	(6,796)	(6,656)	(19,734)	(23,054)
Rental of premises	(82)	(45)	(143)	(187)
Rental of office equipment	(28)	(25)	(86)	(69)

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements are not applicable.

**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 7 September 2020, Board of Directors of GFM had announced that GFM had entered into a Heads of Agreement with Hamzah bin Omar, Mohd Ismail bin Norbat and Mazlan bin Ali relating to the proposed acquisition by GFM of up to 70% equity interest in Amzass (M) Sdn Bhd.

**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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