



GFM SERVICES BERHAD

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

Year 2021

Quarterly Announcement

For the Fourth Quarter Ended 31 December 2021

The Board of Directors of GFM Services Berhad ("GFM" or the "Company") ("Board") is pleased to announce the following unaudited consolidated results for the quarter and financial year ended ("FPE") 31 December 2021.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Individual quarter		Cumulative period	
		Current year quarter 31/12/2021 ⁽¹⁾	Preceding year quarter 31/12/2020	Current year to-date 31/12/2021 ⁽¹⁾	Preceding year to-date 31/12/2020
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	33,833	32,967	124,976	117,530
Cost of sales		(22,538)	(19,474)	(78,889)	(69,590)
Gross profit		11,295	13,493	46,087	47,940
Other income		466	261	1,485	2,576
Administrative expenses		(1,681)	(1,610)	(6,757)	(8,960)
Other operating expenses		(291)	(894)	(380)	(338)
Profits from operations		9,789	11,250	40,435	41,218
Finance costs		(5,226)	(6,349)	(21,211)	(23,466)
Share of results of an associate, net of tax		1	(20)	1	(20)
Profit before tax	B12	4,564	4,881	19,225	17,732
Tax expense	B5	(2,174)	(1,569)	(9,031)	(9,170)
Profit/Total comprehensive income for the period		<u>2,390</u>	<u>3,312</u>	<u>10,194</u>	<u>8,562</u>
Profit for the period attributable to:					
Equity holders of the parent		<u>2,390</u>	<u>3,312</u>	<u>10,194</u>	<u>8,562</u>
Total comprehensive income for the period attributable to:					
Equity holders of the parent		<u>2,390</u>	<u>3,312</u>	<u>10,194</u>	<u>8,562</u>
Earnings per share (sen)					
- Basic ⁽²⁾		<u>0.44</u>	<u>0.67</u>	<u>1.88</u>	<u>1.72</u>
- Diluted ⁽³⁾		<u>0.44</u>	<u>0.66</u>	<u>1.88</u>	<u>1.71</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 2020 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 DECEMBER 2021

	Unaudited as at 31/12/2021 ⁽¹⁾ RM'000	Audited as at 31/12/2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	13,052	13,892
Investment property	6,174	6,174
Intangible assets	23,202	24,418
Investment in associate	64	63
Operating financial assets	302,734	312,523
Other investments	19,100	15,000
Deferred tax assets	256	256
Total non-current assets	<u>364,582</u>	<u>372,326</u>
Current assets		
Tax assets	5,024	3,969
Trade receivables	15,985	14,092
Operating financial assets	32,502	33,423
Other receivables, deposits & prepayments	18,713	19,027
Cash and cash equivalents	79,287	73,378
Total current assets	<u>151,511</u>	<u>143,889</u>
Total assets	<u>516,093</u>	<u>516,215</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	82,537	76,023
Retained earnings	89,827	83,196
Share option reserve and share grant reserve	482	526
Reorganisation deficit	(45,265)	(45,265)
Total equity	<u>127,581</u>	<u>114,480</u>
Non-current liabilities		
Borrowings	B8 279,808	301,562
Deferred tax liabilities	44,840	43,086
Total non-current liabilities	<u>324,648</u>	<u>344,648</u>
Current liabilities		
Borrowings	B8 30,182	29,205
Tax payable	816	870
Trade payables	7,816	8,007
Other payables and accruals	25,050	19,005
Total current liabilities	<u>63,864</u>	<u>57,087</u>
Total liabilities	<u>388,512</u>	<u>401,735</u>
Total equity and liabilities	<u>516,093</u>	<u>516,215</u>
Net assets per share attributable to equity holders of the Company (RM)	0.24	0.24

(1) The Unaudited Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the FYE 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR ENDED 31 DECEMBER 2021

	----- Attributable to owners of the Company -----					
	Share capital 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 2021	76,023	434	92	(45,265)	83,196	114,480
Comprehensive income						
Profit for the financial period	-	-	-	-	10,194	10,194
Transactions with owners						
Issue of ordinary shares						
-Pursuant to private placement	6,470	-	-	-	-	6,470
-Pursuant to vesting of share grants	44	-	(44)	-	-	-
Dividends paid on shares	-	-	-	-	(3,563)	(3,563)
Balance as of 31 December 2021	<u>82,537</u>	<u>434</u>	<u>48</u>	<u>(45,265)</u>	<u>89,827</u>	<u>127,581</u>
Balance as of 1 January 2020	67,617	710	971	(45,265)	81,209	105,242
Prior year adjustments	-	(284) ⁽⁴⁾	(459) ⁽⁴⁾	-	(5,938)	(6,681)
As restated ⁽³⁾	<u>67,617</u>	<u>426</u>	<u>512</u>	<u>(45,265)</u>	<u>75,271</u>	<u>98,561</u>
Comprehensive income						
Profit for the financial period	-	-	-	-	8,564	8,564
Transactions with owners						
Issue of ordinary shares						
-Pursuant to private placement	7,792	-	-	-	-	7,792
-Pursuant to vesting of share grants	614	-	(614)	-	-	-
Dividends paid on shares	-	-	-	-	(920)	(920)
Share option issued	-	161	-	-	-	161
Share grant issued	-	-	395	-	-	395
Forfeiture of shares						
-During vesting period	-	(19)	(54)	-	-	(73)
-After vesting period	-	(134)	(147)	-	281	-
Balance as of 31 December 2020	<u>76,023</u>	<u>434</u>	<u>92</u>	<u>(45,265)</u>	<u>83,196</u>	<u>114,480</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 2020 and the accompanying explanatory notes attached to the interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Year-to-date ended	
	31/12/2021 RM'000	31/12/2020 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before tax	19,225	17,733
Adjustment for:		
Amortisation of intangible assets	1,216	1,216
(Reversal)/Impairment loss on trade receivables	(1,993)	338
Bad debts written off	-	81
Depreciation of property, plant and equipment	1,470	1,643
Gain on disposal of property, plant and equipment	(70)	(82)
Interest expense	21,211	23,466
Interest income	(888)	(1,275)
Interest income on operating financial asset	(8,925)	(34,434)
Share of results of an associate	(1)	20
Share based payment	(44)	483
	<u>31,201</u>	<u>9,189</u>
Movements in working capital:		
Decrease in:		
Trade and other receivables	414	16
Increase in:		
Trade and other payables	5,853	2,616
Decrease in:		
Operating financial assets	19,635	44,294
Contract asset/(liabilities)		(2,592)
Cash Generated From Operations	<u>57,103</u>	<u>53,523</u>
Income tax paid	(8,387)	(7,996)
Interest paid	(21,211)	(21,575)
Interest received	888	1,025
Net Cash From Operating Activities	<u>28,393</u>	<u>24,977</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Redeemable Convertible Preference Shares (RCPS)	(4,100)	(14,000)
Change of escrow account, finance service reserve account, liquidity reserve account, revenue account and disbursement account	1,577	4,086
Change in pledge deposits	(1,901)	1,832
Purchase of property, plant and equipment	(467)	(298)
Proceeds from disposal of property, plant and equipment	19	434
Net Cash Used In Investing Activities	<u>(4,872)</u>	<u>(7,946)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from issuance of shares	6,514	7,793
Repayment of finance lease payables	(319)	(1,084)
Repayment of term loans	(21,923)	(24,801)
Dividend paid	(3,563)	(920)
Drawdown of Revolving Credit	2,000	-
Net Cash Used In Financing Activities	<u>(17,291)</u>	<u>(19,012)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,231	(1,981)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>26,680</u>	<u>28,661</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>32,911</u>	<u>26,680</u>
Cash and cash equivalents comprise:		
Cash and bank balances	32,047	27,126
Fixed deposits with a licensed bank	<u>47,240</u>	<u>46,252</u>
	79,287	73,378
Less: Bank overdraft	(2,067)	(2,713)
Deposits pledged as securities	(8,510)	(6,610)
Escrow account, finance service reserve account, liquidity reserve account, revenue account and disbursement account	<u>(35,799)</u>	<u>(37,375)</u>
	<u>32,911</u>	<u>26,680</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 2020 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2021

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 December 2021 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 2020 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 2020.

A2 Changes in Accounting Policies

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The Company has also considered the new accounting pronouncements in the preparation of the financial statements.

(i) Accounting pronouncements that are effective and adopted during the financial year

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	

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Company.

(ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Company has not adopted the following new accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Company:-

Effective for financial periods beginning on or after 1 June 2020

Amendments to MFRS 16	Covid-19 - Related Rent Concessions
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Effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 9, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
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Effective for financial periods beginning on or after 1 January 2022

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 Cycle	

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 108	Definition of Accounting Estimates

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Company will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Company upon their initial applications.

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 2020 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 17,000,000 new ordinary shares in the Company at the issue price of RM0.2306 per share and 12,400,000 new ordinary shares in the Company at the issue price of RM0.2056 per share pursuant to the private placement announced on 2 June 2021 and 12 July 2021 respectively, there were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the financial quarter and current financial period under review.

A8 Dividends Paid

First and Final Single Tier Dividend of 0.6473 sen per ordinary share in respect of the FYE 31 December 2020 amounting RM3,562,564.38 which was paid on 27 August 2021 to shareholders whose names appear on the Record of Depositors on 13 August 2021. Under current rules, single tier dividends are not taxable in the hand of shareholders.

A9 Segmental Information
Current year to date 31 December 2021

	Facilities Management Services RM'000	Concession arrangements RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
Revenue					
External revenue	81,547	44,593	584	(1,747)	124,976
Inter-segment revenue	7,419	-	12,025	(19,444)	-
	<u>88,966</u>	<u>44,593</u>	<u>12,609</u>	<u>(21,191)</u>	<u>124,976</u>
Profits from operations					
External profit /(loss)	5,569	38,330	-	(3,464)	40,435
Inter-segment profit	1,505	-	14,209	(15,714)	-
	<u>7,074</u>	<u>38,330</u>	<u>14,209</u>	<u>(19,178)</u>	<u>40,435</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.

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

For the financial year ended 31 December 2021 ("FY 2021"), Group revenue grew by 6% year-on-year ("YoY") to RM124.98 million from RM117.53 million in the previous corresponding year ("FY 2020"). The growth was mainly due to the increase in revenue contribution from GFM's provision of operations and maintenance ("O&M") services at the Pengerang Integrated Complex ("PIC") in Pengerang, Johor, as well as the continuation of our facilities management services at client sites even during the various phases of the Movement Control Order.

The Group's Facilities Management Services segment remained as the major revenue contributor with RM84.32 million in FY 2021, representing 67% of the Group's total revenue, while the Concession Arrangements business contributed the remaining 33% worth RM40.66 million after consolidation adjustment.

During this period, GFM incurred lower administrative expenses amounting to RM6.76 million in FY 2021 as compared RM8.96 million in FY 2020. This was primarily due to the positive results yielded from the Group's cost rationalisation initiatives implemented during the year, enabling the Group to reduce expenses to a more optimal level.

The Group's profit before tax ("PBT") increased by 8% YoY to RM19.23 million in FY 2021 versus RM17.73 million in FY 2020. Meanwhile, profit attributable to equity holders of the parent ("net profit") grew 19% YoY to RM10.19 million in FY 2021 as compared to RM8.56 million in FY 2020. This was attributable to higher revenue and lower administrative expenses incurred in FY2021, as well as a decrease in adjusted effective tax rate to 29% in FY2021 against 37% in prior year corresponding period.

B2 Comparison with preceding quarter's results

	Current year quarter 31/12/2021 RM'000	Preceding quarter 30/09/2021 RM'000	Variance RM'000	%
Revenue	33,833	27,426	6,407	23%
Profit before tax	4,564	4,689	(125)	-3%

For the current quarter ended 31 December 2021 ("4Q 2021"), the Group revenue stood at RM33.8 million, against RM27.4 million in the immediate preceding quarter ended 30 September 2021 ("3Q 2021"). The higher revenue is mainly due to higher variation orders at the Pengerang Integrated Complex ("PIC") in Pengerang, Johor.

However, the Group's profit before tax ("PBT") declined marginally to RM4.56 million in 4Q 2021 from RM4.69 million in 3Q 2021 despite higher revenue recorded, mainly due to a one-off demobilisation cost following a completed facilities management ("FM") project.

In tandem, GFM's net profit reduced to RM2.3 million in 4Q 2021 from RM2.6 million in the preceding quarter due to lower PBT and marginally higher tax expense in the quarter under review.

B3 Prospects

The high vaccination rate in Malaysia paves the way for further recovery in economic and social activities with the re-opening of the economy. Nonetheless, we are mindful that the Covid-19 pandemic continues to pose a risk to the economic recovery with the newly emerged Omicron variant. Against this backdrop, GFM is focusing on strengthening its competitive position in the facilities management ("FM") industry by enhancing its technical competencies and expanding project pipeline, while continuing to implement cost optimisation initiatives.

For our FM business, we continue to serve our existing clients by providing a safe and sustainable working space. At the same time, the Group endeavours to expand our orderbook, which stands at RM1.1 billion as at 31 December 2021, by pursuing new tenders from the private and public sectors.

As for our Concession Arrangements segment, we remain focused on serving our mandate and performing FM services at the UiTM Mukah campus until 2035, which will provide us long-term earnings visibility with stable recurring income until the end of the concession tenure in 2035.

To enhance our growth, the Group is exploring value-accretive prospects that complement our business. In September 2021, GFM entered into a Joint Venture ("JV") Agreement with Amzass (M) Sdn. Bhd. ("Amzass") to collaborate and complete the upgrade of the Northbound and Southbound Bemban lay-bys in Melaka, located along the PLUS Malaysia Berhad ("PLUS") North-South Expressway into Rest and Service Areas ("RSA"). Amzass has been authorised by the Malaysian Highway Authority ("LLM") to upgrade the existing facilities of the Bemban lay-bys and to construct a petrol station on both sides of the proposed RSA. This venture is expected to provide GFM with recurring income from various sources such as sales of F&B, sales surcharge and rental fees, among others. Construction of the RSA and petrol station is anticipated to commence in 2022, with expected contribution from 2023 onwards.

As the Group aims to further grow its portfolio of concession assets and recurring income streams, GFM has also, on 17 January 2022, entered into a Heads of Agreement ("Agreement") with Main Market-listed property developer, Majuparak Holdings Berhad's ("Majuparak") wholly-owned subsidiary, Jua Juara Sdn. Bhd. ("Jua Juara") with the intention to form a proposed joint venture ("JV") to develop, operate and maintain the RSA at Hulu Bernam, Perak, situated along the PLUS Malaysia Berhad ("PLUS") North-South Expressway ("NSE").

Leveraging on our expertise in the industry, we believe the addition of concessions assets into our portfolio will yield positive value for our shareholders due to expansion of recurring income stream while growing our orderbook in our FM business as we become the facility manager of the premises upon completion of construction.

Moreover, we strive to enhance the Group's offerings and service delivery with the development and adoption of more innovative technology-based solutions in order to remain competitive in this facilities management industry and address the evolving needs of clients. This includes the ongoing roll-out of our GFM Enterprise Management Systems ("GEMS") at our project sites to deploy Internet of Things ("IoT") solutions. Additionally, GFM is working on improving its business processes with the on-going vendor rationalisation programme.

Beyond organic growth, 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.

Looking ahead, 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 31/12/2021 RM'000	Preceding year quarter 31/12/2020 RM'000	Current year to-date 31/12/2021 RM'000	Preceding year to-date 31/12/2020 RM'000
Income tax				
Current period	1,772	3,254	7,378	8,162
Prior period	(101)	258	(101)	258
	<u>1,671</u>	<u>3,512</u>	<u>7,277</u>	<u>8,420</u>
Deferred tax				
Current period	503	(1,932)	1,754	761
Prior period	-	(11)	-	(11)
	<u>2,174</u>	<u>1,569</u>	<u>9,031</u>	<u>9,170</u>

B5 Taxation (Continued)

	Individual Current year quarter 31/12/2021 RM'000	Cumulative Current year to-date 31/12/2021 RM'000
Profit before tax	4,564	19,225
Adjusted profit before tax ¹	10,266	30,639
Taxation	2,174	9,031
Adjusted effective tax rate ("ETR")	21%	29%

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.

The Group's ETR for the 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 2021 which are denominated in Ringgit Malaysia are as follows:

	Unaudited as at 31/12/2021 RM'000	Audited as at 31/12/2020 RM'000
Short-term indebtedness:		
<u>Secured and guaranteed</u>		
Borrowings	30,182	29,205
Long-term indebtedness:		
<u>Secured and guaranteed</u>		
Borrowings	<u>279,808</u>	<u>301,562</u>
Total indebtedness	<u>309,990</u>	<u>330,767</u>

B9 Material Litigation

There were no material litigations pending as at 25 February 2022.

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 31/12/2021 RM'000	Preceding year quarter 31/12/2020 RM'000	Current year to-date 31/12/2021 RM'000	Preceding year to-date 31/12/2020 RM'000
BASIC EPS				
Profit for the period (RM'000)	2,390	3,312	10,194	8,562
Weighted average number of ordinary shares in issue ('000)	541,279	496,486	541,279	496,486
Basic EPS (Sen)	0.44	0.67	1.88	1.72
DILUTED EPS				
Profit for the period (RM'000)	2,390	3,312	10,194	8,562
Weighted average number of ordinary shares in issue ('000)	541,279	496,486	541,279	496,486
Effect of dilution from:				
- Share options	-	-	-	-
- Share grants	800	4,308	800	4,308
Conversion of share grants	-	(1,371)	-	(1,371)
- Bonus warrants	-	-	-	-
Weighted average number of ordinary shares for basic earning per share (unit)	<u>542,079</u>	<u>499,423</u>	<u>542,079</u>	<u>499,423</u>
Diluted EPS (Sen)	0.44	0.66	1.88	1.71

* Share options and bonus warrants have no dilutive effect as the average market price of the ordinary shares was lower than the exercise price of the share options and bonus warrants. Therefore, they are excluded from the calculation.

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 31/12/2021 RM'000	Preceding year quarter 31/12/2020 RM'000	Current year to-date 31/12/2021 RM'000	Preceding year to-date 31/12/2020 RM'000
Interest income	265	180	888	1,275
Other income:				
- Bad debts recovered	-	81	-	81
- Miscellaneous	202	1,063	597	1,301
Interest expense	(5,226)	(5,400)	(21,211)	(23,466)
Depreciation of property, plant and equipment	(371)	(397)	(1,470)	(1,643)
Amortisation of intangible assets	(306)	(305)	(1,216)	(1,216)
- Trade receivables	1,582	587	1,993	(338)
Employee benefits expense	(5,357)	(6,796)	(24,471)	(19,734)
Rental of premises	(2)	(82)	(133)	(143)
Rental of office equipment	(23)	(28)	(96)	(86)

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.

Proposed Transfer of Listing

On 5 July 2017, KAF Investment Bank Berhad, on behalf of the Board, 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").

**(I) Proposed Subscription of HSSB Shares; and
(II) Proposed Subscription of HSSB RCPS; and
(III) Proposed Call Option Subscription.**

KAF Investment Bank Berhad had, on 17 December 2019, on behalf of the Board, 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, 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, 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 Company, KAF IB had announced on 4 November 2020, that as of 2 November 2020, the Company had subscribed RM15.00 million HSSB RCPS, which is the minimum subscription amount of HSSB RCPS pursuant to the terms and conditions of the HSSB RCPS Subscription Agreement dated 17 December 2019. The Company has no intention to subscribe additional HSSB RCPS. As such, the Proposed Subscription of HSSB RCPS is deemed completed on 2 November 2020.

On behalf of the Company, KAF IB had announced that the Company had, on 21 July 2021, entered into a supplementary agreement to the HSSB RCPS Subscription Agreements with HSSB pursuant to the Proposed Subscription of Additional HSSB RCPS ("Second Supplementary HSSB RCPS Subscription Agreement")

Proposed Acquisition by GFM of up to 70% Equity Interest in Amzass (M) Sdn Bhd

On 7 September 2020, the Board 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.

On 31 December 2020, the Board had announced that GFM had entered into a Supplemental Heads of Agreement ("Supplemental HOA") with the Sellers to extend the Stop Date (i.e. 31 December 2020 as set out in the HOA) to 31 March 2021 for GFM and the Sellers to enter into the Definitive Agreement in relation to the Proposed Acquisition.

On 25 March 2021, the Board had announced that GFM had entered into 2nd Supplemental Heads of Agreement ("2nd Supplemental HOA") with the Sellers to extend the Stop Date (i.e. 31 March 2021 as set out in the HOA) to 30 June 2021 for GFM and the Sellers to enter into the Definitive Agreement in relation to the Proposed Acquisition. Save for the above, all other terms and conditions in the HOA (as amended by the Supplemental HOA) remain unchanged.

On 16 July 2021, the Board had announced that GFM had entered into 3rd Supplemental Heads of Agreement ("3rd Supplemental HOA") with the Sellers to extend the Stop Date (i.e. 30 June 2021 as set out in the HOA) to 30 September 2021 for GFM and the Sellers to enter into the Definitive Agreement in relation to the Proposed Acquisition. Save for the above, all other terms and conditions in the HOA (as amended by the Supplemental HOA and 2nd Supplemental HOA) remain unchanged.

On 20 September 2021, the Board had announced that GFM had agreed to vary the Initial Proposal to a joint venture between GFM Services and Amzass; and entered into a Joint Venture Agreement ("JVA") with Amzass pursuant to the variation referred to in Section 1(i) of this announcement, for the purpose of collaborating to carry out and complete the Project (as defined herein), based on the terms and conditions stipulated in the JVA ("Joint Venture").

Proposed Joint Venture between GFM and Jua Juara Sdn Bhd

On 17 January 2022, the Board has announced that GFM had entered into a Heads of Agreement with Jua Juara Sdn. Bhd. ("JJSB"), a wholly-owned subsidiary of MajuPerak Holdings Berhad relating to the proposed joint venture between GFM and JJSB to develop a land located at Lot 16287, PN 311206, Mukim Hulu Bernam Timur, District of Muallim, Perak Darul Ridzuan into a Rest and Service Area to be connected to the PLUS North-South Highway.

Proposed Private Placements of Up to 20% of the Total Number of Issued Shares

On behalf of the Board, on 9 April 2021, UOB Kay Hian Securities (M) Sdn Bhd had announced that the Company proposes to undertake a private placement of up to 20% of the total number of issued shares of GFM. On 14 April 2021, the listing application for the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad. Additional information in relation to the Proposed Private Placement has been announced on 26 April 2021.

On behalf of the Board, on 27 April 2021, UOB Kay Hian Securities (M) Sdn Bhd had announced that Bursa Malaysia Securities Berhad had, via its letter dated 27 April 2021, approved the listing and quotation of up to 158,830,718 Placement Shares to be issued pursuant to the Private Placement subject to the terms and conditions of Bursa Malaysia Securities Berhad's approval.

On behalf of the Board, on 28 May 2021, UOB Kay Hian Securities (M) Sdn Bhd had announced that the Board had resolved to fix the issue price at RM0.2306 per Placement Share. On 3 June 2021, UOB Kay Hian Securities (M) Sdn Bhd had announced that 17,000,000 Placement Shares issued pursuant to the Private Placement were listed and quoted on the ACE Market of Bursa Securities.

On behalf of the Board, on 6 July 2021, UOB Kay Hian Securities (M) Sdn Bhd had announced that the Board had resolved to fix the issue price at RM0.2056 per Placement Share. On 13 July 2021, UOB Kay Hian Securities (M) Sdn Bhd had announced that 12,400,000 Placement Shares issued pursuant to the Private Placement were listed and quoted on the ACE Market of Bursa Securities.

On behalf of the Board, on 11 October 2021, UOB Kay Hian Securities (M) Sdn Bhd had announced that the Board had submitted the application to Bursa Securities to seek its approval for an extension of time for the Company to implement and complete the Private Placement.

On behalf of the Board, on 26 October 2021, UOB Kay Hian Securities (M) Sdn Bhd had announced that Bursa Securities had, vide its letter dated 26 October 2021, resolved to grant the Company an extension of time until 26 April 2022 to complete the implementation of the Private Placement.

B14 Status of utilisation of proceeds

i) Status of utilisation of proceeds from Private Placement

No.	Purpose	Proposed Utilisation		Actual Amount Raised	Actual Utilisation	Intended timeframe for utilisation from listing date (3 June 2021)	Balance of unutilised proceeds RM'000
		Base Scenario RM'000	Maximum Scenario RM'000				
1	New Investment	4,700	4,700	304	-	Within 24 months	304
2	Working Capital for New Project						
	i) AMZASS	1,000	1,000	1,000	291	Within 24 months	709
	ii) HSSB	5,000	5,000	5,000	4,600		400
3	Working Capital for Existing Project	3,000	3,000	-	-	Within 12 months	-
4	General working capital expenses	1,462	32,699	-	-	Within 12 months	-
5	Estimated expenses in relation to the Proposed Private Placement	412	1,091	166	166	Upon completion of the Proposed Private Placement	-
		15,574	47,490	6,470	5,057		1,413

¹ Proposed Utilisation as disclosed in the announcement made on 9 April 2021

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.

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