



GFM SERVICES BERHAD

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

Year 2023
Quarterly Announcement
For the Third Quarter Ended 30 September 2023

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 period ended ("FPE") 30 September 2023.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

	Note	Individual quarter		Cumulative period	
		Current year quarter 30/09/2023 ⁽¹⁾	Preceding year quarter 30/09/2022	Current year to-date 30/09/2023 ⁽¹⁾	Preceding year to-date 30/09/2022
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	34,289	40,177	97,875	97,043
Cost of sales		(18,303)	(22,009)	(52,174)	(58,379)
Gross profit		15,986	18,168	45,701	38,664
Other income		352	336	942	917
Administrative expenses		(1,136)	(1,825)	(8,970)	(4,967)
Other operating expenses		(1)	-	(2)	880
Profits from operations		15,201	16,679	37,671	35,494
Finance costs		(4,817)	(5,048)	(14,699)	(14,981)
Share of results of an associate, net of tax		2,272	-	2,272	-
Profit before tax	B12	12,656	11,631	25,244	20,513
Tax expense	B5	(3,131)	(3,570)	(8,748)	(7,625)
Profit/Total comprehensive income for the period		<u>9,525</u>	<u>8,061</u>	<u>16,496</u>	<u>12,888</u>
Profit for the period attributable to:					
Equity holders of the parent		<u>9,525</u>	<u>8,061</u>	<u>16,496</u>	<u>12,888</u>
		<u>9,525</u>	<u>8,061</u>	<u>16,496</u>	<u>12,888</u>
Total comprehensive income for the period attributable to:					
Equity holders of the parent		<u>9,525</u>	<u>8,061</u>	<u>16,496</u>	<u>12,888</u>
		<u>9,525</u>	<u>8,061</u>	<u>16,496</u>	<u>12,888</u>
Earnings per share (sen)					
- Basic ⁽²⁾		<u>1.38</u>	<u>1.42</u>	<u>2.39</u>	<u>2.28</u>
- Diluted ⁽³⁾		<u>1.38</u>	<u>1.42</u>	<u>2.39</u>	<u>2.28</u>
Dividends per share (sen)		<u>N/A</u>	<u>N/A</u>	<u>0.40</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 2022 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 SEPTEMBER 2023

	Unaudited as at 30/09/2023 ⁽¹⁾ RM'000	Audited as at 31/12/2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	11,957	12,233
Investment property	6,174	6,174
Intangible assets	21,074	21,986
Investment in associate	2,360	88
Operating financial assets	283,222	292,009
Other investments	21,185	17,585
Deferred tax assets	-	22
Total non-current assets	<u>345,972</u>	<u>350,097</u>
Current assets		
Tax assets	2,394	3,352
Trade receivables	20,705	20,516
Operating financial assets	30,076	31,080
Other receivables, deposits & prepayments	27,625	24,051
Cash and cash equivalents	93,832	101,187
Total current assets	<u>174,632</u>	<u>180,186</u>
Total assets	<u>520,604</u>	<u>530,283</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	103,123	103,123
Share premium	-	-
Retained earnings	120,844	107,110
Share option reserve and share grant reserve	304	304
Fair value reserve	(2,415)	(2,415)
Reorganisation deficit	(45,265)	(45,265)
Total equity	<u>176,591</u>	<u>162,857</u>
Non-current liabilities		
Borrowings	B8 241,352	256,450
Deferred tax liabilities	47,545	46,803
Total non-current liabilities	<u>288,897</u>	<u>303,253</u>
Current liabilities		
Trade payables	1,970	5,566
Other payables and accruals	24,598	26,224
Borrowings	B8 28,475	32,339
Tax payable	73	44
Total current liabilities	<u>55,116</u>	<u>64,173</u>
Total liabilities	<u>344,013</u>	<u>367,426</u>
Total equity and liabilities	<u>520,604</u>	<u>530,283</u>
Net assets per share attributable to equity holders of the Company (RM)	0.23	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 2022 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 2023

	----- 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	Revaluation reserve RM'000	Reorganisation deficit RM'000	Retained earnings RM'000	Total equity RM'000
Balance as of 1 January 2023	103,123	(2,415)	273	31	-	(45,265)	107,110	162,857
Comprehensive income								
Profit for the financial period	-	-	-	-	-	-	16,496	16,496
Transactions with owners								
Issue of ordinary shares								
- Pursuant to private placement	-	-	-	-	-	-	-	-
- Pursuant to vesting of share grants	-	-	-	-	-	-	-	-
- Pursuant to conversion of warrants	-	-	-	-	-	-	-	-
- Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-
Dividends paid on shares	-	-	-	-	-	-	(2,762)	(2,762)
Balance as of 30 September 2023	<u>103,123</u>	<u>(2,415)</u>	<u>273</u>	<u>31</u>	<u>-</u>	<u>(45,265)</u>	<u>120,844</u>	<u>176,591</u>
Balance as of 1 January 2022	82,537	(2,415)	370	31	-	(45,265)	89,723	124,981
Comprehensive income								
Profit for the financial period	-	-	-	-	-	-	12,888	12,888
Drawdown of investment	-	-	-	-	-	-	-	-
Transactions with owners								
Private placement	-	-	-	-	-	-	-	-
Issue of ordinary shares								
- Pursuant to private placement	4,703	-	-	-	-	-	-	4,703
- Pursuant to vesting of warrants	2	-	-	-	-	-	-	2
Dividends paid on shares	-	-	-	-	-	-	(995)	(995)
Balance as of 30 September 2022	<u>87,242</u>	<u>(2,415)</u>	<u>370</u>	<u>31</u>	<u>-</u>	<u>(45,265)</u>	<u>101,616</u>	<u>141,579</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 2022 and the accompanying explanatory notes attached to the interim financial report.

* Denotes < RM1,000

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

	Year-to-date ended	
	30/09/2023 RM'000	30/09/2022 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before tax	25,244	20,513
Adjustment for:		
Amortisation of intangible assets	912	709
Impairment/ (Reversal) loss on trade receivables	1,517	(772)
Depreciation of property, plant and equipment	1,145	1,132
Gain on disposal of property, plant and equipment	(45)	-
Interest expense	14,699	14,982
Interest income	(794)	(800)
Interest income on operating financial asset	(24,945)	(25,814)
Share of results of an associate	(2,272)	-
Property, plant and equipment written off	(193)	-
	<u>15,268</u>	<u>9,950</u>
Movements in working capital:		
Increase in:		
Trade and other receivables	(7,231)	(15,571)
(Decrease)/Increase in:		
Trade and other payables	(5,218)	6,955
Decrease in:		
Operating financial assets	34,734	34,693
Cash Generated From Operations	<u>37,553</u>	<u>36,027</u>
Income tax paid	(6,997)	(5,608)
Interest paid	(14,699)	(14,982)
Interest received	794	800
Net Cash From Operating Activities	<u>16,651</u>	<u>16,237</u>
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		
Acquisition of AASB	(3,600)	-
Redeemable Convertible Preference Shares (RCPS)	-	(900)
Change of escrow account, finance service reserve account, liquidity reserve account, revenue account and disbursement account	(6,414)	8,389
Change in pledge deposits	(857)	(1,567)
Purchase of property, plant and equipment	(543)	(537)
Proceeds from disposal of property, plant and equipment	45	-
Net Cash (Used in)/From Investing Activities	<u>(11,369)</u>	<u>5,385</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	4,705
Repayment of finance lease payables	-	(100)
Repayment of term loans	(16,422)	(8,293)
Dividend paid	(2,762)	(995)
(Repayment)/Drawdown of Revolving Credit	(4,500)	2,000
Net Cash Used In Financing Activities	<u>(23,684)</u>	<u>(2,683)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(18,402)</u>	<u>18,940</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>53,076</u>	<u>33,138</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>34,674</u>	<u>52,078</u>
Cash and cash equivalents comprise:		
Cash and bank balances	44,407	39,918
Fixed deposits with a licensed bank	49,425	44,663
	<u>93,832</u>	<u>84,581</u>
Less: Bank overdraft	(2,831)	4,838
Deposits pledged as securities	(13,515)	(9,961)
Escrow account, finance service reserve account, liquidity reserve account, revenue account and disbursement account	(42,812)	(27,380)
	<u>34,674</u>	<u>52,078</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 2022 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 SEPTEMBER 2023

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 2023 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 2022 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 2022.

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

Amendment to MFRS 4	Insurance Contracts - Extension of the Temporary Exemption from applying MFRS 9
Amendments to MFRS 4, MFRS 9 and MFRS 7 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 16	Covid-19 - Related Rent Concessions

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 and adopted during the financial year

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments 16	Covid-19 Related Rent Concessions beyond 30 June 2021
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	

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

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 -Comparative Information
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a single transaction

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	Lease liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of liabilities as Current or Non-Current
Amendments to MFRS 101	Non-current Liabilities with Covenants

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 Group and 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 Group and 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 2022 were not subject to any qualification.

A4 Seasonal or Cyclical Factors

The Group's business operations are not materially affected by seasonal or cyclical factors during the current financial quarter and financial period under review.

A5 Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter and current financial period under review.

A6 Changes in Estimates

There were no changes in estimates that have had a material effect during the current financial quarter and current financial period under review.

A7 Changes in Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the financial quarter and current financial period under review.

A8 Dividends Paid

A second interim dividend of 0.18 sen per share was declared on 24 August 2023 for the financial year ending 31 December 2023 and paid on 24 October 2023.

A9 Segmental Information
Current year to date 30 September 2023

	Facilities Management Services RM'000	Concession arrangements RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
Revenue					
External revenue	64,308	33,781	1,299	(1,513)	97,875
Inter-segment revenue	7,654	-	16,465	(24,119)	-
	<u>71,962</u>	<u>33,781</u>	<u>17,765</u>	<u>(25,632)</u>	<u>97,875</u>
Profits from operations					
External profit/(loss)	16,713	27,242	-	(6,284)	37,671
Inter-segment profit	(1,234)	-	15,922	(14,688)	-
	<u>15,479</u>	<u>27,242</u>	<u>15,922</u>	<u>(20,971)</u>	<u>37,671</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

The Company had entered into Share Sale Agreement ("SSA") with Noor Jasni Bin Zakaria and Norliza Binti Mohd to acquire the remaining 51% equity interest in Highbase Strategic Sdn. Bhd. that is not held by GFM, for a consideration of RM18,216,295.00 ("the Acquisition") on 3 November 2023.

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-month period ended 30 September 2023 ("9M 2023"), Group revenue grew by 0.9% year-on-year ("YoY") to RM97.9 million, from RM97.0 million in the previous year's corresponding period ("9M 2022"). The slight increase in revenue was mainly driven by contribution from the Jabatan Kerja Raya ("JKR") contract which commenced in July 2022, partially offset by the completion of several facilities management projects.

In terms of segmental breakdown, the Group's Facilities Management Services ("FM") remained as the Group's core revenue driver contributing RM64.3 million or 66% of Group revenue in 9M 2023 (9M 2022: RM65.8 million). Meanwhile, the Concession Arrangements segment contributed 33% of Group revenue with a turnover of RM33.8 million (9M 2022: RM31.2 million). The remaining 1% is made up of Others, amounting to RM1.3 million, constituting fee from the provision of management services.

Gross profit ("GP") for 9M 2023 increased by 18.1% YoY to RM45.7 million (9M 2022: RM38.7 million), mainly attributable to the Group's cost optimisation measures. GP Margin also expanded to 46.7% in 9M 2023, as compared to 39.8% in 9M 2022.

The Group's administrative expenses increased to RM9.0 million in 9M 2023 (9M 2022: RM5.0 million) mainly due to corporate expenses in relation to the proposed transfer listing.

During the period under review, GFM's share of results of an associate, Highbase Strategic Sdn. Bhd. ("Highbase"), amounted to RM2.3 million. This is due to the consolidation of Highbase as an associate of GFM following the completion of 49%-stake acquisition on 30 June 2023.

This, has in turn, boosted the Group's profit before tax ("PBT") which rose by 23.1% YoY to RM25.2 million in 9M 2023, from RM20.5 million in 9M 2022.

GFM's profit attributable to equity holders of the parent ("net profit") increased by 28.0% YoY to RM16.5 million in 9M 2023, against RM12.9 million in 9M 2022.

B2 Comparison with preceding quarter's results

	Current year quarter 30/09/2023 RM'000	Preceding quarter 30/06/2023 RM'000	Variance RM'000	%
Revenue	34,289	32,763	1,526	5%
Profit before tax	12,656	5,766	6,890	119%

For the current quarter ended 30 September 2023 ("3Q 2023"), Group revenue increased by 4.7% to RM34.3 million, from RM32.8 million in the preceding quarter ("2Q 2023"). The marginal growth can be attributed to higher revenue from the FM segment on the back of increased contribution from the JKR contract, partially offset by the completion of several FM projects.

GP stood at RM16.0 million in 3Q 2023 (2Q 2023: RM15.6 million), with a GP margin of 46.6% (2Q 2023: 47.6%).

The Group's administrative expenses amounted to RM1.1 million in 3Q 2023, as compared to RM5.3 million in the preceding quarter, mainly due to the absence of corporate expenses incurred in 2Q 2023 in relation to the proposed transfer listing.

During the quarter, GFM's 49% associate, Highbase, contributed RM2.3 million to the Group, following GFM's completion of acquisition on 30 June 2023.

Based on the aforementioned factors above, the Group's PBT climbed 2.2x to RM12.7 million in 3Q 2023, against RM5.8 million in 2Q 2023. Meanwhile, net profit tripled to RM9.5 million in 3Q 2023 (2Q 2023: RM3.2 million).

B3 Prospects

In 2023, Malaysia's economic growth is expected to moderate due to slower external demand. While we are cognisant of the potential inflationary pressures that could increase the cost of doing business, we also recognize the possibility of a global recession, which could further dampen demand. As such, we are closely monitoring the evolving economic landscape to ensure that we can respond appropriately and effectively to any challenges that may arise.

Against this backdrop, GFM continues to focus on strengthening its competitive position in the facilities management ("FM") industry by expanding our project pipeline with long-term contracts, while implementing cost optimisation initiatives.

As at 30 September 2023, our outstanding orderbook stands at RM1.22 billion. Majority of this orderbook is contributed by KP Mukah which holds the concession for UITM Mukah campus (RM827.5 million, until 2035) and JKR FM contract (RM292.2 million, until July 2027).

As we move forward, the gradual revenue recognition of our orderbook will provide long-term earnings visibility and contribute positively to our financial performance until 2035.

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.

One sector we are deepening presence in is the oil & gas ("O&G") maintenance space. GFM completed the acquisition of 49%-stake in Highbase, an O&G maintenance services provider, on 30 June 2023, allowing GFM to consolidate its share of earnings from Highbase from July 2023 onwards.

Highbase holds PETRONAS' TA4MS contract ("Integrated Turnaround Main Mechanical and Maintenance Mechanical Static Contract") to provide plant turnaround services at Pengerang Integrated Complex ("PIC") in Johor. The contract is for a period of 5 years from March 2019 to 2024, with an option to extend until March 2029.

The Group intends to acquire the remaining 51%-stake in Highbase, allowing the full consolidation of Highbase's financials, which is expected to enhance GFM's overall profitability. The proposed acquisition is anticipated to be completed by the end of 2023, where Highbase will become a wholly-owned subsidiary of GFM.

As a recap, GFM first invested in Highbase in December 2019. Since then, Highbase underwent a successful restructuring to strengthen its financials. As a result, Highbase turned profitable in 2022, from a loss-making entity. This acquisition is expected to contribute positively to GFM, enlarge our scope of works, and give us access to a new customer base in the O&G sector. More details of this are set out in Section B13.

To further enhance our growth, the Group is exploring value-accretive prospects that complement our business, primarily in the Rest & Service Area ("RSA") business. Apart from that, GFM is also exploring opportunities to provide FM services for workforce lodging.

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.

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B5 Taxation

	Individual quarter		Cumulative period	
	Current year quarter 30/09/2023 RM'000	Preceding year quarter 30/09/2022 RM'000	Current year to-date 30/09/2023 RM'000	Preceding year to-date 30/09/2022 RM'000
Income tax				
Current period	2,368	2,187	7,985	6,242
Prior period	-	94	-	94
	<u>2,368</u>	<u>2,281</u>	<u>7,985</u>	<u>6,336</u>
Deferred tax				
Current period	763	1,289	763	1,289
	<u>3,131</u>	<u>3,570</u>	<u>8,748</u>	<u>7,625</u>

B5 Taxation (Continued)

	Cumulative Current year to-date 30/09/2023 RM'000
Profit before tax	25,244
Adjusted profit before tax ¹	33,880
Taxation	8,748
Adjusted effective tax rate ("ETR")	26%

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 26% 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 Status of Corporate Proposals

There are no other pending corporate proposals.

B8 Borrowings and Debt Securities

The Group's total debts as at 30 September 2023 which are denominated in Ringgit Malaysia are as follows:

	Unaudited as at 30/09/2023 RM'000	Audited as at 31/12/2022 RM'000
Short-term indebtedness:		
Secured and guaranteed Borrowings	28,475	32,339
Long-term indebtedness:		
Secured and guaranteed Borrowings	<u>241,352</u>	<u>256,450</u>
Total indebtedness	<u>269,827</u>	<u>288,789</u>

B9 Material Litigation

There were no material litigations pending as at 30 September 2023

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 30/09/2023 RM'000	Preceding year quarter 30/09/2022 RM'000	Current year to-date 30/09/2023 RM'000	Preceding year to-date 30/09/2022 RM'000
BASIC EPS				
Profit for the period (RM'000)	9,525	8,061	16,496	12,888
Weighted average number of ordinary shares in issue ('000)	690,462	565,952	690,462	565,952
Basic EPS (Sen)	1.38	1.42	2.39	2.28
DILUTED EPS				
Profit for the period (RM'000)	9,525	8,061	16,496	12,888
Weighted average number of ordinary shares in issue ('000)	690,462	565,952	690,462	565,952
Effect of dilution from:				
- Share options	..*	..*	..*	..*
- Share grants	79	293	79	293
Conversion of share grants	..*	..*	..*	..*
Weighted average number of ordinary shares for basic earnings per share (unit)	<u>690,541</u>	<u>566,245</u>	<u>690,541</u>	<u>566,245</u>
Diluted EPS (Sen)	1.38	1.42	2.39	2.28

* 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.

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B12 Notes to the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

Profit before tax has been arrived at after crediting/(charging):

	Individual quarter		Cumulative quarter	
	Current year quarter 30/09/2023 RM'000	Preceding year quarter 30/09/2022 RM'000	Current year to-date 30/09/2023 RM'000	Preceding year to-date 30/09/2022 RM'000
Interest income	516	555	794	800
Other income:				
Miscellaneous	101	106	148	117
Interest expense	(4,927)	(5,028)	(14,699)	(14,982)
Depreciation of property, plant and equipment	(321)	(372)	(1,145)	(1,131)
Amortisation of intangible assets	(304)	(304)	(912)	(709)
Reversal/(Impairment) loss on:				
- Trade receivables	(772)		(1,517)	772
Employee benefits expense	(5,448)	(1,523)	(20,218)	(18,674)
Rental of premises	-	7	2	(71)
Rental of office equipment	(3)	(25)	(19)	(70)
	<u>(3)</u>	<u>(25)</u>	<u>(19)</u>	<u>(70)</u>

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").

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")

On 29 April 2022, the Company had announced that the Company had fully subscribed RM5.00 million additional HSSB RCPS pursuant to the terms and conditions of the Second Supplementary HSSB RCPS Subscription Agreement dated 21 July 2021. As such, the Proposed Subscription of Additional HSSB RCPS is completed on 29 April 2022.

On behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd had announced that the Company proposed transfer of the listing of and quotation for the entire issued share capital of GFM from the Ace Market to the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Proposed Transfer") on 6 October 2023.

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.

On 20 July 2022, 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 17 January 2023 for GFM and JJSB to enter into the Joint Venture Agreement in relation to the Proposed Joint Venture.

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

On behalf of the Board, on 12 May 2022, 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 behalf of the Board, on 28 June 2022, UOB Kay Hian Securities (M) Sdn Bhd had announced that Bursa Malaysia Securities Berhad had, via its letter dated 27 June 2022, approved the listing and quotation of up to 115,077,025 Placement Shares to be issued pursuant to the Private Placement subject to the terms and conditions of Bursa Malaysia Securities Berhad's approval.

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B14 Status of utilisation of proceeds

i) Status of utilisation of proceeds from Private Placement

No.	Purpose	Proposed Utilisation		Actual Amount Raised RM'000	Actual Utilisation RM'000	Intended timeframe for utilisation from listing date (7 December 2022)	Balance of unutilised proceeds RM'000
		Base Scenario RM'000	Maximum Scenario RM'000				
1	Future Viable Investment	10,720		10,019	5,014	Within 24 months	5,005
	Working Capital						
2	Pengerang Integrated Complex	3,458		2,762	2,762	Within 24 months	-
3	General	3,458		2,762	2,762	Within 24 months	-
4	Estimated expenses in relation to the Proposed Private Placement			338	338	Upon completion of the Proposed Private Placement	-
		17,636		15,881	10,876		5,005

No.	Purpose	Proposed Utilisation		Actual Amount Raised RM'000	Actual Utilisation RM'000	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	4,700	3,600	Within 24 months	1,100
2	Working Capital for New Project						
	i) AMZASS	1,000	1,000	1,000	641	Within 12 months	359
	ii) HSSB	5,000	5,000	5,000	5,000		-
3	Working Capital for Existing Project - Pengerang Integrated Complex	3,000	3,000	60	60	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	412	412	Upon completion of the Proposed Private Placement	-
		15,574	47,490	11,172	9,713		1,459

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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