



GFM SERVICES BERHAD

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

Year 2024
Quarterly Announcement
For the Second Quarter Ended 30 June 2024

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 June 2024.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	Individual quarter		Cumulative period	
		Current year quarter 30/06/2024 ⁽¹⁾ RM'000	Preceding year quarter 30/06/2023 RM'000	Current year to-date 30/06/2024 ⁽¹⁾ RM'000	Preceding year to-date 30/06/2023 RM'000
Revenue	A9	50,157	32,763	103,485	63,586
Cost of sales		(33,793)	(17,156)	(68,973)	(33,871)
Gross profit		16,364	15,607	34,512	29,715
Other income		324	336	1,048	590
Administrative expenses		(2,208)	(5,250)	(6,486)	(7,834)
Other operating expenses		(320)	-	(666)	(1)
Profits from operations		14,160	10,693	28,408	22,470
Finance costs		(4,863)	(4,927)	(9,568)	(9,882)
Share of results of an associate, net of tax		130	-	234	-
Profit before tax	B13	9,427	5,766	19,074	12,588
Tax expense	B5	(3,600)	(2,600)	(7,034)	(5,617)
Profit/Total comprehensive income for the period		<u>5,827</u>	<u>3,166</u>	<u>12,040</u>	<u>6,971</u>
Profit for the period attributable to:					
Equity holders of the parent		<u>5,827</u>	<u>3,166</u>	<u>12,040</u>	<u>6,971</u>
		<u>5,827</u>	<u>3,166</u>	<u>12,040</u>	<u>6,971</u>
Total comprehensive income for the period attributable to:					
Equity holders of the parent		<u>5,827</u>	<u>3,166</u>	<u>12,040</u>	<u>6,971</u>
		<u>5,827</u>	<u>3,166</u>	<u>12,040</u>	<u>6,971</u>
Earnings per share (sen)					
- Basic ⁽²⁾		<u>0.77</u>	<u>0.46</u>	<u>1.59</u>	<u>1.01</u>
- Diluted ⁽³⁾		<u>0.77</u>	<u>0.46</u>	<u>1.59</u>	<u>1.01</u>
Dividends per share (sen)		<u>0.23</u>	<u>0.18</u>	<u>0.25</u>	<u>0.40</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 2023 and the accompanying explanatory notes attached to the interim financial report.
- (2) Basic earnings per share for the individual quarter and financial year are calculated based on the Company's weighted average share capital during the financial quarter/year.
- (3) Diluted earnings per share of the Company for the individual quarter and financial year are calculated based on the profit for the financial quarter/year attributable to owners of the Company and its subsidiaries ("GFM Group" or "Group") and the weighted average number of ordinary shares outstanding during the financial quarter/year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

N/A Not applicable

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Unaudited as at 30/06/2024 ⁽¹⁾ RM'000	Audited as at 31/12/2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	13,490	15,992
Investment property	7,663	6,174
Intangible assets	52,229	52,837
Investment in associate	88	98
Investment in joint venture	2,052	1,818
Operating financial assets	273,771	280,149
Other investments	9,318	4,340
Deferred tax assets	161	161
Right-of-use assets	535	-
Total non-current assets	<u>359,307</u>	<u>361,569</u>
Current assets		
Work-in-progress and inventory	1,055	642
Tax assets	5,620	5,817
Trade receivables	17,441	16,226
Operating financial assets	28,996	29,725
Other receivables, deposits & prepayments	50,066	38,258
Cash and cash equivalents	141,214	98,681
Total current assets	<u>244,392</u>	<u>189,349</u>
Total assets	<u>603,699</u>	<u>550,918</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	118,303	103,123
Retained earnings	133,304	127,780
Share option reserve and share grant reserve	-	304
Fair value reserve	544	(2,415)
Reorganisation deficit	(45,265)	(45,265)
Total equity	<u>206,886</u>	<u>183,527</u>
Non-current liabilities		
Borrowings	B9 266,085	239,079
Deferred tax liabilities	50,795	50,589
Total non-current liabilities	<u>316,880</u>	<u>289,668</u>
Current liabilities		
Trade payables	14,483	14,807
Other payables and accruals	30,831	28,502
Borrowings	B9 31,759	32,349
Tax payable	2,860	2,065
Total current liabilities	<u>79,933</u>	<u>77,723</u>
Total liabilities	<u>396,813</u>	<u>367,391</u>
Total equity and liabilities	<u>603,699</u>	<u>550,918</u>
Net assets per share attributable to equity holders of the Company (RM)	0.20	0.19

(1) The Unaudited Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the FYE 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL PERIOD ENDED 30 JUNE 2024

	----- Attributable to owners of the Company -----						
	Share capital RM'000	Fair value reserve of financial assets at FVOCI ⁽²⁾ RM'000	Share option reserve RM'000	Share grant reserve RM'000	Reorganisation deficit RM'000	Retained earnings RM'000	Total equity RM'000
Balance as of 1 January 2024	103,123	(2,415)	273	31	(45,265)	127,780	183,527
Comprehensive income							
Profit for the financial period	-	-	-	-	-	12,040	12,040
Transactions with owners							
Issue of ordinary shares	15,180	-	-	(31)	-	-	15,149
Revision of share options after vesting period	-	-	544	-	-	-	544
Dividends paid on shares	-	2,415	(273)	-	-	(6,516)	(4,374)
Balance as of 30 June 2024	<u>118,303</u>	<u>-</u>	<u>544</u>	<u>-</u>	<u>(45,265)</u>	<u>133,304</u>	<u>206,886</u>
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	-	-	-	-	-	6,971	6,971
Balance as of 30 June 2023	<u>103,123</u>	<u>(2,415)</u>	<u>273</u>	<u>31</u>	<u>(45,265)</u>	<u>114,081</u>	<u>169,828</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 2023 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 JUNE 2024

	Year-to-date ended	
	30/06/2024 RM'000	30/06/2023 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before tax	19,074	12,588
Adjustment for:		
Amortisation of intangible assets	608	608
Impairment loss on trade receivables	-	2,825
Depreciation of property, plant and equipment	1,169	648
Interest expense	9,568	9,883
Interest income	(564)	(511)
Interest income on operating financial asset	(16,068)	(25,814)
Share of results of an associate	10	19
Deferred tax	7	-
Fair value gain	1,982	-
Share based payment	-	(15)
	<u>15,786</u>	<u>231</u>
Movements in working capital:		
(Decrease)/Increase in:		
Trade and other receivables	(13,020)	874
Inventories	(413)	-
Increase/(Decrease) in:		
Trade and other payables	2,005	(6,824)
Decrease in:		
Operating financial assets	<u>23,175</u>	<u>31,423</u>
Cash Generated From Operations	27,533	25,704
Income tax paid	(5,845)	(4,596)
Interest paid	(9,568)	(9,899)
Interest received	564	511
Net Cash From Operating Activities	<u>12,684</u>	<u>11,720</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of Era Gema	(4,600)	-
Investment in joint venture	(234)	-
Redeemable Convertible Preference Shares (RCPS)	-	(3,600)
Change of escrow account, finance service reserve account, liquidity reserve account, revenue account and disbursement account	(2,065)	1,742
Change in pledge deposits	(7,401)	(893)
Drawdown other investments	(379)	-
Purchase of property, plant and equipment	<u>(2,672)</u>	<u>(201)</u>
Net Cash Used In Investing Activities	<u>(17,351)</u>	<u>(2,952)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of shares	15,180	-
Repayment of finance lease payables	(373)	-
Repayment of term loans	(14,707)	(10,744)
Drawdown of Sukuk	40,000	-
Revision of share options after vesting period	544	-
Discount on sukuk	-	1,950
Dividend paid	(4,405)	(1,519)
(Repayment)/Drawdown of Revolving Credit	<u>(500)</u>	<u>(2,500)</u>
Net Cash From/(Used in) Financing Activities	<u>35,739</u>	<u>(12,813)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	31,072	(4,045)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>42,816</u>	<u>51,126</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>73,888</u>	<u>47,081</u>
Cash and cash equivalents comprise:		
Cash and bank balances	60,284	43,050
Fixed deposits with a licensed bank	<u>80,930</u>	<u>52,237</u>
	141,214	95,287
Less: Bank overdraft	(4,063)	-
Deposits pledged as securities	(23,066)	(13,551)
Escrow account, finance service reserve account, liquidity reserve account, revenue account and disbursement account	(19,359)	(34,655)
Finance Service Reserve Account	(6,172)	-
Liquidity Reserve Account	(13,185)	-
Revenue Account	(1,200)	-
Designated Account	<u>(281)</u>	<u>-</u>
	<u>73,888</u>	<u>47,081</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 2023 and the accompanying explanatory notes attached to the interim financial report.
- (2) Retrospective adjustment to reflect the review of IC Interpretation 12 ("IC 12"): Service Concession Arrangements accounting treatment and review of Purchase Price Allocation ("PPA") in accordance to MFRS 3 Business Combination in relation to acquisition of KP Mukah. Please refer Note A15 for more details.

N/A Not applicable

* Denotes < RM1,000

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2024

A COMPLIANCE WITH MALAYSIA FINANCIAL REPORTING STANDARD (MFRS) 134: INTERIM FINANCIAL REPORTING AND THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")("LISTING REQUIREMENTS")

A1 Basis of preparation

This condensed consolidated interim financial report is unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34 Interim Financial Reporting and Rule 9.22 and Appendix 9B of the Listing Requirements.

This is the interim financial report on the condensed consolidated results for the quarter ended 30 June 2024 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 2023 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 2023.

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 2023 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 Single Tier Interim Dividend of 0.25 sen per share was declared on 29 May 2024 for the financial year ending 31 December 2024 and paid on 24 July 2024.

A9 Segmental Information
Current year to date 30 June 2024

	Facilities Management Services & Consultancy RM'000	Concession arrangements RM'000	Oil and Gas RM'000	Others RM'000	Adjustments and eliminations	Total RM'000
Revenue						
External revenue	59,857	16,068	28,589	-	(1,028)	103,486
Inter-segment revenue	3,031	-	-	10,780	(13,810)	1
	<u>62,888</u>	<u>16,068</u>	<u>28,589</u>	<u>10,780</u>	<u>(14,838)</u>	<u>103,487</u>
Profits from operations						
External profit /(loss)	10,088	16,068	5,863	-	(3,612)	28,407
Inter-segment profit	55	-	-	8,054	(8,109)	-
	<u>10,143</u>	<u>16,068</u>	<u>5,863</u>	<u>8,054</u>	<u>(11,721)</u>	<u>28,407</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

On 24 April 2024, UOBKH has announced that the listing application in relation to the Proposed Bonus Issue of Warrants has been submitted to Bursa Malaysia Securities

On 16 July 2024, on behalf of the Board, UOBKH had announced that 379,730,140 Warrants were listed and quoted on the Main Market of Bursa Securities, marking the completion of the Transfer.

A12 Changes in the Composition of the Group

There were no material events subsequent to the current quarter ended.

A13 Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as at the date of this interim financial report.

A14 Capital Commitments

There were no capital commitments during the current financial quarter and current financial period under review.

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B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of Performance

For the six-month period ended 30 June 2024 ("1H 2024"), Group revenue increased by 62.7% year-on-year ("YoY") to RM103.5 million, up from RM63.6 million in the previous year's corresponding period ("1H 2023"). The growth can be mainly attributed to the full consolidation of Highbase Strategic Sdn. Bhd. ("Highbase"), which was acquired and integrated into the Group on 30 November 2023. The acquisition has significantly strengthened the contribution of the Oil & Gas ("O&G") segment to the Group's performance in 1H 2024, generating revenue of RM28.6 million in 1H 2024 (1H 2023: nil).

The Facilities Management ("FM") division also contributed to the growth, with revenue of RM59.9 million in 1H 2024 (1H 2023: RM41.1 million). The increase was primarily due to higher provisional sums for repair works under the Jabatan Kerja Raya ("JKR") contract. Additionally, the higher turnover reflects the reclassification of FM-related services, which were previously reported under the Concession Arrangements segment, in line with the revenue recognition method.

Meanwhile, revenue for the Concession Arrangements ("Concession") segment amounted to RM15.0 million in 1H 2024 after consolidation adjustment (1H 2023: RM21.1 million). The lower contribution is a result of the aforementioned re-classification of FM-related services to the FM segment.

In terms of segmental breakdown, the FM division accounted for 58% of Group revenue, while the O&G and CA segments contributed 28% and 14%, respectively.

For the period under review, Gross Profit ("GP") expanded 16.1% YoY to RM34.5 million in 1H 2024, from RM29.7 million in 1H 2023, on the back of higher revenue. Nonetheless, GP margin moderated to 33.3% in 1H 2024 (1H 2023: 46.7%) due to higher costs associated with the integration of Highbase's operations.

GFM recorded lower administrative expenses of RM6.5 million in 1H 2024, (1H 2023: RM7.8 million) due to the absence of corporate expenses in relation to the transfer listing and provision for doubtful debts.

Profit before tax ("PBT") increased by 51.5% YoY to RM19.1 million in 1H 2024, as compared to RM12.6 million in 1H 2023. Consequently, profit attributable to equity holders of the parent ("net profit") climbed

B2 Comparison with preceding quarter's results

	Current year quarter 30/06/2024 RM'000	Preceding quarter 31/03/2024 RM'000	Variance RM'000	%
Revenue	50,157	53,328	(3,171)	-5.9%
Profit before tax	9,427	9,646	(219)	-2.3%

For the current quarter ended 30 June 2024 ("2Q 2024") GFM's revenue amounted to RM50.2 million (1Q 2024: RM53.3 million), following the conclusion of an FM contract at the end of March 2024.

The Group recorded a GP of RM16.4 million in 2Q 2024 (1Q 2024: RM18.1 million), with a GP margin of 32.6% (1Q 2024: 34.0%).

During the quarter, GFM reported lower administrative expense amounting to RM2.2 million in 2Q 2024, mainly due to the completion of the FM contract.

The Group's PBT stood at RM9.4 million in 2Q 2024 (1Q 2024: RM9.6 million), while net profit amounted to RM5.8 million (1Q 2024: RM6.2 million).

B3 Prospects

Malaysia's economy in 2024 is anticipated to experience moderate growth amidst easing, yet persistent, inflationary pressures. The growth will be supported by a recovery in export activities, and continued expansion of domestic demand. This presents opportunities for the Facilities Management sector, which plays a vital role in supporting Malaysia's essential infrastructure. With that in mind, we remain focused on executing our strategic plans to position GFM to capitalise on evolving market demand.

For the Group's FM business, we continue to offer tailored cost-effective FM solutions for clients. At the same time, we remain focused on bidding for more long-term contracts from the public and private sectors to solidify GFM's market position.

As at 30 June 2024, GFM's outstanding orderbook amounted to RM1.27 billion. The majority of this orderbook is contributed by KP Mukah which holds the concession for UITM Mukah campus (RM781.0 million, until 2035) and JKR FM contract (RM225.0 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 collaborate with strategic parties that have the relevant capabilities and resources which are synergistic to us. This will allow us to scale up operations and strengthen our core business by growing our project pipeline and managed asset portfolio.

One key area of focus is the O&G maintenance space. GFM's acquisition of Highbase, an O&G maintenance services provider, broadened our service portfolio and expanded our O&G customer base. This allows us to offer a more extensive and valuable range of solutions to a wider clientele pool.

Notably, the acquisition of Highbase grants GFM access to their ongoing PETRONAS' TA4MS contract ("Integrated Turnaround Main Mechanical and Maintenance Mechanical Static Contract"). This contract tasks Highbase to provide plant turnaround services at the Pengerang Integrated Complex ("PIC") in Johor. The contract spans 5 years, from March 2019 to 2024, and has been extended for another 3 years until March 2027. In April 2024, Highbase had secured 3 new contracts to provide plant turnaround services for 3 facilities within the PIC, from March 2024 to March 2027, with an option to extend for an additional 2 years.

While O&G remains a key focus, we are expanding our portfolio into complementary sectors to ensure long-term growth, particularly in the Rest & Service Area ("RSA") business.

On 15 February 2024, GFM entered into a Share Sale Agreement ("Agreement") for the proposed acquisition of 100%-stake in Era Gema Bina Sdn. Bhd. ("Era Gema"), a company awarded the rights by the Malaysian Highway Authority (Lembaga Lebuhraya Malaysia ("LLM")) to undertake the proposed development of an RSA on a 1.74 hectares land located at Sungai Muda, Penang, situated along the PLUS Malaysia Berhad ("PLUS") North-South Expressway ("NSE"). This acquisition will allow GFM to develop, operate and maintain a new RSA at Sungai Muda, Penang.

The project is scheduled to begin construction in 2025 and is expected to be completed within two years. Upon completion, GFM will assume the role of facility manager for the RSA and stands to benefit from multiple recurring income streams through retail space rentals and sales surcharges. This venture complements GFM's existing portfolio and will strengthen our presence within the sector.

Besides the Sungai Muda RSA, GFM's other proposed RSA projects are located at Bemban, Melaka, and Karak, Bentong.

Furthermore, GFM is actively exploring opportunities to expand our FM services to include workforce lodging to diversify our revenue streams further.

Looking ahead, the Group remains focused on implementing our growth strategy. This includes continuous improvement of our capabilities while strategically 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 30/06/2024 RM'000	Preceding year quarter 30/06/2023 RM'000	Current year to-date 30/06/2024 RM'000	Preceding year to-date 30/06/2023 RM'000
Income tax				
Current period	3,600	1,890	4,779	4,907
Prior period	-	-	2,050	-
	<u>3,600</u>	<u>1,890</u>	<u>6,829</u>	<u>4,907</u>
Deferred tax				
Current period	-	710	15	710
Prior period	-	-	190	-
	<u>3,600</u>	<u>2,600</u>	<u>7,034</u>	<u>5,617</u>
		Cumulative Current year to-date 30/06/2024 RM'000		
Profit before tax		19,074		
Adjusted profit before tax ¹		24,848		
Taxation		7,034		
Adjusted effective tax rate ("ETR")		28%		

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 28% 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.

B9 Borrowings and Debt Securities

The Group's total debts as at 30 June 2024 which are denominated in Ringgit Malaysia are as follows:

	Unaudited as at 30/06/2024 RM'000	Audited as at 31/12/2023 RM'000
Short-term indebtedness:		
Secured and guaranteed Borrowings	31,759	32,349
Long-term indebtedness:		
Secured and guaranteed Borrowings	<u>266,085</u>	<u>239,079</u>
Total indebtedness	<u>297,844</u>	<u>271,428</u>

B10 Material Litigation

The Board of Directors has announced that Highbase Startegic Sdn Bhd, a wholly own subsidiary of the Company, had on 25 March 2024 discontinued its application to be placed under judicial management.

B11 Dividend

On 29 August 2024, the Board has announced the declaration of a interim single-tier dividend of 0.23 sen per ordinary share in respect of the financial year ending 31 December 2024.

B12 Earnings Per Share ("EPS")

	Individual quarter		Cumulative period	
	Current year quarter 30/06/2024 RM'000	Preceding year quarter 30/06/2023 RM'000	Current year to-date 30/06/2024 RM'000	Preceding year to-date 30/06/2023 RM'000
BASIC EPS				
Profit for the period (RM'000)	5,827	3,166	12,040	6,971
Weighted average number of ordinary shares in issue ('000)	759,462	690,462	759,462	690,462
Basic EPS (Sen)	0.77	0.46	1.59	1.01
DILUTED EPS				
Profit for the period (RM'000)	5,827	3,166	12,040	6,971
Weighted average number of ordinary shares in issue ('000)	759,462	690,462	759,462	690,462
Effect of dilution from:				
- Share options	..*	..*	..*	..*
- Share grants	94	79	94	79
Conversion of share grants	..*	..*	..*	..*
Weighted average number of ordinary shares for basic earning per share (unit)	<u>759,556</u>	<u>690,541</u>	<u>759,556</u>	<u>690,541</u>
Diluted EPS (Sen)	0.77	0.46	1.59	1.01

* 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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B13 Notes to the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

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

	Individual quarter		Cumulative quarter	
	Current year quarter 30/06/2024 RM'000	Preceding year quarter 30/06/2023 RM'000	Current year to-date 30/06/2024 RM'000	Preceding year to-date 30/06/2023 RM'000
Interest income	318	233	564	511
Other income:				
Miscellaneous	6	31	484	78
Interest expense	(4,863)	(4,927)	(9,568)	(9,883)
Depreciation of property, plant and equipment	(448)	(321)	(903)	(648)
Amortisation of intangible assets	(304)	(304)	(608)	(608)
Reversal/(Impairment) loss on:				
- Trade receivables	-	(772)	-	(2,825)
Employee benefits expense	(2,309)	(9,003)	(11,997)	(14,770)
Rental of premises	(81)	(98)	(163)	(122)
Rental of office equipment	(13)	(18)	(14)	(41)

B14 Status of corporate proposals
Proposed Private Placements of Up to 10% of the Total Number of Issued Shares

On behalf of the Board, on 7 March 2024, UOB Kay Hian Securities (M) Sdn Bhd had announced that 69,000,000 Placement Shares issued pursuant to the Private Placement were listed and quoted on the ACE Market of Bursa Securities, which marks the completion of Private Placement.

Bonus Issue of Warrant

- On 20 June 2024, UOB Kay Hian (M) Sdn Bhd, on behalf of the Board, announced that the Board had executed the deed poll constituting the Warrants to be issued pursuant to the Bonus Issue of Warrants.
- On 5 July 2024, the Company issue up to 379,731,068 free warrants on the basis of 1 warrant for every 2 existing ordinary shares held by the entitled shareholders.

B15 Status of utilisation of proceeds

Status of utilisation of proceeds from Private Placement dated 6 March 2024:

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	-	-	-	-	-	-
Working Capital							
2	HSSB	11,396	-	11,800	5,049	Within 24 months	6,751
3	General	3,000	-	3,000	-	Within 24 months	3,000
4	Estimated expenses in relation to the Proposed Private Placement	380	-	380	380	Upon completion of the Proposed Private Placement	-
		14,776	-	15,180	5,429		9,751

B16 Derivatives

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

B17 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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