



GFM SERVICES BERHAD

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

Year 2024
Quarterly Announcement
For the Third Quarter Ended 30 September 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 September 2024.

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

	Note	Individual quarter		Cumulative period	
		Current year quarter 30/09/2024 RM'000	Preceding year quarter 30/09/2023 RM'000	Current year to-date 30/09/2024 RM'000	Preceding year to-date 30/09/2023 RM'000
Revenue	A9	48,026	34,289	151,511	97,875
Cost of sales		<u>(27,159)</u>	<u>(18,303)</u>	<u>(96,132)</u>	<u>(52,174)</u>
Gross profit		20,867	15,986	55,379	45,701
Other income		497	352	1,545	942
Administrative expenses		(4,030)	(1,136)	(10,515)	(8,970)
Other operating expenses		<u>(394)</u>	<u>(1)</u>	<u>(1,060)</u>	<u>(2)</u>
Profits from operations		16,940	15,201	45,349	37,671
Finance costs		(6,061)	(4,817)	(15,628)	(14,699)
Share of results of an associate, net of tax		125	2,272	357	2,272
Profit before tax	B13	11,004	12,656	30,078	25,244
Tax expense	B5	<u>(3,917)</u>	<u>(3,131)</u>	<u>(10,951)</u>	<u>(8,748)</u>
Profit/Total comprehensive income for the period		<u>7,087</u>	<u>9,525</u>	<u>19,127</u>	<u>16,496</u>
Profit for the period attributable to:					
Equity holders of the parent		<u>7,087</u>	<u>9,525</u>	<u>19,127</u>	<u>16,496</u>
		<u>7,087</u>	<u>9,525</u>	<u>19,127</u>	<u>16,496</u>
Total comprehensive income for the period attributable to:					
Equity holders of the parent		<u>7,087</u>	<u>9,525</u>	<u>19,127</u>	<u>16,496</u>
		<u>7,087</u>	<u>9,525</u>	<u>19,127</u>	<u>16,496</u>
Earnings per share (sen)					
- Basic ⁽²⁾		<u>0.96</u>	<u>1.38</u>	<u>2.58</u>	<u>2.39</u>
- Diluted ⁽³⁾		<u>0.96</u>	<u>1.38</u>	<u>2.58</u>	<u>2.39</u>
Dividends per share (sen)		<u>N/A</u>	<u>0.56</u>	<u>0.48</u>	<u>0.96</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 SEPTEMBER 2024

	Unaudited as at 30/09/2024 ⁽¹⁾	Audited as at 31/12/2023
Note	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	13,707	15,992
Investment property	7,653	6,174
Intangible assets	51,925	52,837
Investment in associate	88	98
Investment in joint venture	2,176	1,818
Operating financial assets	270,463	280,149
Other investments	27,718	4,340
Deferred tax assets	161	161
Right-of-use assets	533	-
Total non-current assets	<u>374,424</u>	<u>361,569</u>
Current assets		
Work-in-progress and inventory	685	642
Tax assets	6,780	5,817
Trade receivables	27,609	16,226
Operating financial assets	28,618	29,725
Other receivables, deposits & prepayments	52,068	38,258
Cash and cash equivalents	122,903	98,681
Total current assets	<u>238,663</u>	<u>189,349</u>
Total assets	<u>613,087</u>	<u>550,918</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	118,317	103,123
Retained earnings	136,746	127,780
Share option reserve and share grant reserve	-	304
Fair value reserve	543	(2,415)
Reorganisation deficit	(45,265)	(45,265)
Total equity	<u>210,341</u>	<u>183,527</u>
Non-current liabilities		
Borrowings	B9 261,008	239,079
Deferred tax liabilities	51,965	50,589
Total non-current liabilities	<u>312,973</u>	<u>289,668</u>
Current liabilities		
Trade payables	18,447	14,807
Other payables and accruals	33,145	28,502
Borrowings	B9 34,819	32,349
Tax payable	3,362	2,065
Total current liabilities	<u>89,773</u>	<u>77,723</u>
Total liabilities	<u>402,746</u>	<u>367,391</u>
Total equity and liabilities	<u>613,087</u>	<u>550,918</u>
Net assets per share attributable to equity holders of the Company (RM)	0.21	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 SEPTEMBER 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	-	-	-	-	-	19,127	19,127
Transactions with owners							
Issue of ordinary shares	15,194						15,194
Reversal of reserve from remeasurement		2,415	(273)	(31)	-	(2,111)	-
Revision of share options after vesting period			543			-	543
Dividends paid on shares	-	-	-	-	-	(8,050)	(8,050)
Balance as of 30 September 2024	<u>118,317</u>	<u>-</u>	<u>543</u>	<u>-</u>	<u>(45,265)</u>	<u>136,746</u>	<u>210,341</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	-	-	-	-	-	16,496	16,496
Drawdown of investment	-						
Transactions with owners							
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>(45,265)</u>	<u>120,844</u>	<u>176,591</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 SEPTEMBER 2024

	Year-to-date ended	
	30/09/2024	30/09/2023
	RM'000	RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before tax	30,078	25,244
Adjustment for:		
Amortisation of intangible assets	912	912
Impairment loss on trade receivables	-	1,517
Depreciation of property, plant and equipment	1,716	1,145
Gain on disposal of property, plant and equipment	-	(45)
Interest expense	15,628	14,699
Interest income	(1,026)	(794)
Interest income on operating financial asset	(16,068)	(24,945)
Share of results of an associate	10	(2,272)
Deferred tax	7	-
Fair value gain	1,982	-
Property, plant and equipment written off	-	(193)
Share based payment	544	-
	<u>33,783</u>	<u>15,268</u>
Movements in working capital:		
Increase in:		
Trade and other receivables	(25,192)	(7,231)
Inventories	(44)	-
Increase/(Decrease) in:		
Trade and other payables	8,282	(5,218)
Decrease in:		
Operating financial assets	26,861	34,734
Cash Generated From Operations	<u>43,690</u>	<u>37,553</u>
Income tax paid	(9,249)	(6,997)
Interest paid	(15,628)	(14,699)
Interest received	1,026	794
Net Cash From Operating Activities	<u>19,839</u>	<u>16,651</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of Era Gema	(23,000)	-
Investment in joint venture	(358)	-
Redeemable Convertible Preference Shares (RCPS)	-	(3,600)
Change of escrow account, finance service reserve account, liquidity reserve account, revenue account and disbursement account	3,391	(6,414)
Change in pledge deposits	(7,875)	(857)
Drawdown other investments	(379)	-
Purchase of property, plant and equipment	(3,424)	(543)
Proceeds from disposal of property, plant and equipment	-	45
Net Cash Used In Investing Activities	<u>(31,645)</u>	<u>(11,369)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of shares	15,194	-
Repayment of term loans	(17,760)	(16,422)
Drawdown of Sukuk	40,000	-
Dividend paid	(8,050)	(2,762)
(Repayment)/Drawdown of Revolving Credit	-	(4,500)
Net Cash From/(Used in) Financing Activities	<u>29,384</u>	<u>(23,684)</u>
EFFECT OF EXCHANGE RATE CHANGES		
	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>17,578</u>	<u>(18,402)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>42,816</u>	<u>53,076</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>60,394</u>	<u>34,674</u>
Cash and cash equivalents comprise:		
Cash and bank balances	61,147	44,407
Fixed deposits with a licensed bank	61,756	49,425
	<u>122,903</u>	<u>93,832</u>
Less: Bank overdraft	(4,227)	(2,831)
Deposits pledged as securities	(23,540)	(13,515)
Escrow account, finance service reserve account, liquidity reserve account, revenue account and disbursement account	(10,782)	(42,812)
Finance Service Reserve Account	(6,172)	-
Liquidity Reserve Account	(13,185)	-
Revenue Account	(4,194)	-
Designated Account	(409)	-
	<u>60,394</u>	<u>34,674</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 SEPTEMBER 2024

A COMPLIANCE WITH MALAYSIA FINANCIAL REPORTING STANDARD (MFRS) 134: INTERIM FINANCIAL REPORTING AND THE MAIN 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 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

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
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

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 January 2024

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-Current
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121	Lack of Exchangeability
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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

During the period under review, the following payments were made:

Description	Dividend per share	Declaration date	Payment date
Interim Dividend	0.25 sen	29 May 2024	24 July 2024
Interim Dividend	0.23 sen	29 August 2024	25 October 2024

A9 Segmental Information**Current year to date 30 September 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	85,496	23,973	43,587	-	(1,545)	151,511
Inter-segment revenue	6,437	-	-	22,613	(29,050)	-
	<u>91,933</u>	<u>23,973</u>	<u>43,587</u>	<u>22,613</u>	<u>(30,595)</u>	<u>151,511</u>
Profits from operations						
External profit /(loss)	18,617	26,232	5,916	-	(5,417)	45,348
Inter-segment profit	(8)	-	-	20,698	(20,690)	-
	<u>18,609</u>	<u>26,232</u>	<u>5,916</u>	<u>20,698</u>	<u>(26,107)</u>	<u>45,348</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 Changes in the Composition of the Group

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

A12 Contingent liabilities or contingent assets

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

A13 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 2024 ("9M 2024"), the Group recorded a revenue growth of 54.8% year-on-year ("YoY"), reaching RM151.5 million, up from RM97.9 million in the previous year's corresponding period ("9M 2023"). The increase was mainly attributed to the full consolidation of Highbase Strategic Sdn. Bhd. ("Highbase") following its acquisition on 30 November 2023. The Group's Oil & Gas ("O&G") segment delivered a revenue of RM43.6 million for 9M 2024 (9MFY23: nil).

The Facilities Management ("FM") business also showed growth, contributing RM85.5 million to the overall revenue in 9M 2024, a 32.9% YoY climb from RM64.3 million in the 9M 2023. This growth was primarily driven by higher provisional sums allocated for repair works under the Jabatan Kerja Raya ("JKR") contract, as well as the reclassification of FM-related services, which were previously reported under the Concession Arrangements segment.

In the Concession Arrangements ("Concession") segment, revenue stood at RM22.4 million in 9M 2024, as compared to RM33.8 million in 9M 2023. The softer contribution was attributed to the reclassification of FM-related services to the FM segment, as previously mentioned in para 2 above.

During the period under review, the FM division remained as the Group's key revenue driver, accounting for 56.4% of total revenue. The O&G segment contributed 28.8%, while the Concession segment made up the remaining 14.8%.

Gross Profit ("GP") increased by 21.2% YoY to RM55.4 million in 9M 2024, from RM45.7 million in 9M 2023, driven by a higher revenue base. Meanwhile, GP margin amounted to 36.6% (9M 2023: 46.7%), due to moderated margins on provisional sum work and increased expenses associated with integrating Highbase's operations.

Administrative expenses amounted to RM10.5 million in 9M 2024 (9M 2023: RM9.0 million), mainly due to higher corporate expenses in relation with the Group's corporate exercises and the integration of Highbase.

Profit before tax ("PBT") rose by 19.1% YoY to RM30.1 million in 9M 2024, as compared to RM25.2 million in 9M 2023. Similarly, profit attributable to equity holders of the parent ("net profit") hiked by 15.9% to RM19.1 million, from RM16.5 million in 9M 2023.

For the current quarter ended 30 September 2024 ("3Q 2024"), GFM posted higher revenue of RM48.0 million, as compared to RM34.3 million in the preceding year's corresponding quarter ("3Q 2023"). The growth was on the back of contribution from the O&G segment of RM15.0 million (3Q 2023: nil). Meanwhile, revenue for the Group's FM business amounted to RM25.6 million (3Q 2023: RM23.2 million), while the Concession division registered RM7.4 million in revenue (3Q 2023: RM11.1 million).

GFM's GP rose by 30.5% year-on-year ("YoY") to RM20.9 million in 3Q 2024, while GP margin stood at 43.4% (3Q 2023: 46.6%).

During the quarter, administrative expenses increased to RM4.0 million against RM1.1 million a year ago, mainly due to higher fees in relation to corporate exercises undertaken. This had impacted the Group's overall profitability in 3Q 2024 with PBT amounting to RM11.0 million (3Q 2023: RM12.7 million), and net profit of RM7.1 million (3Q 2023: 9.5 million). Nonetheless, GFM's core operations remained resilient during the quarter as evidenced by the steady GP margin of 43.4% in 3Q 2024.

B2 Comparison with preceding quarter's results

	Current year quarter 30/09/2024 RM'000	Preceding quarter 30/06/2024 RM'000	Variance RM'000	%
Revenue	48.026	50.157	(2.131)	-4.2%
Profit before tax	11.004	9.427	1.577	16.7%

For 3Q 2024, GFM's revenue remained stable at RM48.0 million against RM50.2 million in 2Q 2024.

The Group's GP increased by 27.5% quarter-on-quarter ("QoQ") to RM20.9 million in 3Q 2024, while GP margin expanded by 43.4% (2Q 2024: 32.6%).

During the quarter, GFM's administrative expenses amounted to RM4.0 million, as compared to RM2.2 million in 2Q 2024, due to higher corporate expenses related with the Group's corporate exercises.

Based on the aforementioned factors above, PBT increased by 16.7% to RM11.0 million in 3Q 2024 (2Q 2024: RM9.4 million), while net profit rose by 21.6% to RM7.1 million (2Q 2024: RM5.8 million).

B3 Prospects

Malaysia's economy continues to demonstrate resilience, with GDP growth of 5.3% in 3Q 2024. Bank Negara Malaysia has forecasted a growth rate of 4.8%-5.3% for 2024 and 2025, driven by both domestic demand and export activities. This robust economic outlook, coupled with ongoing infrastructure development, presents opportunities for the FM sector.

Additionally, the launch of the Public-Private Partnership ("PPP") Master Plan 2030 ("PIKAS 2030") further amplifies these prospects by promoting PPP and increased private investment. By expanding the scope of PPP to include sectors such as tourism infrastructure, renewable energy, smart agriculture, and science and technology, PIKAS 2030 is expected to drive demand for FM services in these sectors. Furthermore, PIKAS 2030's emphasis on the user-pays model will likely lead to more public infrastructure projects that generate revenue. This will further create a greater need for FM services for projects like highways and airports, potentially opening up new prospects for FM specialists like GFM.

With that in mind, we remain focused on executing our strategic plans and enhancing our capabilities 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 September 2024, GFM's outstanding orderbook amounted to RM1.06 billion. The majority of this orderbook is contributed by KP Mukah which holds the concession for UTM Mukah campus (RM767.1 million, until 2035) and JKR FM contract (RM217.5 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, broadens our service portfolio and customer base, allowing us to offer a more comprehensive range of solutions to a wider clientele.

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 addition, Highbase 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.

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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.

GFM is set to develop, operate and maintain a new RSA at Sungai Muda, Penang via its acquisition of Era Gema Bina Sdn. Bhd. ("Era Gema"). Era Gema was awarded the rights by the Malaysian Highway Authority (Lembaga Lebuhraya Malaysia ("LLM")) to develop an RSA on a 1.74-hectare land parcel at Sungai Muda along the PLUS North-South Expressway. GFM completed the acquisition of 100%-stake in Era Gema on 27 August 2024.

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, Pahang.

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.

B5 Taxation

	Individual quarter		Cumulative period	
	Current year quarter 30/09/2024 RM'000	Preceding year quarter 30/09/2023 RM'000	Current year to-date 30/09/2024 RM'000	Preceding year to-date 30/09/2023 RM'000
Income tax				
Current period	2,564	2,368	9,583	7,985
Prior period	-	-	-	-
	<u>2,564</u>	<u>2,368</u>	<u>9,583</u>	<u>7,985</u>
Deferred tax				
Current period	1,353	763	1,368	763
Prior period	-	-	-	-
	<u>3,917</u>	<u>3,131</u>	<u>10,951</u>	<u>8,748</u>
		Cumulative Current year to-date 30/09/2024 RM'000		
Profit before tax		30,078		
Adjusted profit before tax ¹		38,657		
Taxation		10,951		
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") and Wira Pertiwi Sdn Bhd ("WPSB"), wholly-owned special purpose vehicle of GFM Group, to undertake the initial issuance of Sukuk Wakalah amounting to RM165 million and RM40 million in nominal value respectively, 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 September 2024 which are denominated in Ringgit Malaysia are as follows:

	Unaudited as at 30/09/2024 RM'000	Audited as at 31/12/2023 RM'000
Short-term indebtedness:		
Secured and guaranteed Borrowings	34,819	32,349
Long-term indebtedness:		
Secured and guaranteed Borrowings	<u>261,008</u>	<u>239,079</u>
Total indebtedness	<u>295,827</u>	<u>271,428</u>

B10 Material Litigation

On 25 March 2024, the Board of Directors of GFM ("Board") had announced that Highbase Strategic Sdn Bhd, a wholly owned subsidiary of GFM, discontinued its application to be placed under judicial management.

B11 Dividend

No dividend has been declared or proposed for the current financial quarter under review.

B12 Earnings Per Share ("EPS")

	Individual quarter		Cumulative period	
	Current year quarter 30/09/2024 RM'000	Preceding year quarter 30/09/2023 RM'000	Current year to-date 30/09/2024 RM'000	Preceding year to-date 30/09/2023 RM'000
BASIC EPS				
Profit for the period (RM'000)	7,087	9,525	19,127	16,496
Weighted average number of ordinary shares in issue ('000)	741,583	690,462	741,583	690,462
Basic EPS (Sen)	0.96	1.38	2.58	2.39
DILUTED EPS				
Profit for the period (RM'000)	7,087	9,525	19,127	16,496
Weighted average number of ordinary shares in issue ('000)	741,583	690,462	741,583	690,462
Effect of dilution from:				
- Share options	-*	-*	-*	-*
- Share warrants	94	79	94	79
Conversion of share warrants	-*	-*	-*	-*
Weighted average number of ordinary shares for basic earnings per share (unit)	<u>741,677</u>	<u>690,541</u>	<u>741,677</u>	<u>690,541</u>
Diluted EPS (Sen)	0.96	1.38	2.58	2.39

* 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 30/09/2024 RM'000	Preceding year quarter 30/09/2023 RM'000	Current year to-date 30/09/2024 RM'000	Preceding year to-date 30/09/2023 RM'000
Interest income	318	516	1,026	794
Other income:				
Miscellaneous	6	101	519	148
Interest expense	(4,863)	(4,927)	(15,628)	(14,699)
Depreciation of property, plant and equipment	(448)	(321)	(1,379)	(1,145)
Amortisation of intangible assets	(304)	(304)	(608)	(912)
Reversal/(impairment) loss on:				
- Trade receivables	-	(772)	-	(1,517)
Employee benefits expense	(4,635)	(5,448)	(16,612)	(20,218)
Rental of premises	(80)	-	(243)	2
Rental of office equipment	(204)	(3)	(218)	(19)

B14 Status of corporate proposals

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.
- On 7 August, 20 September, and 28 October 2024, there were warrant conversions amounting to 50,000, 16,350, and 2,511 units, respectively, at RM0.21 per unit.

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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