



**GFM SERVICES BERHAD**

(Company No: 1033141-H)

(Incorporated in Malaysia)

Year 2018

Quarterly Announcement

For the First Quarter Ended 31 March 2018

The Board of Directors of GFM Services Berhad (“GFMSB” or the “Company”) (“Board”) is pleased to announce the following unaudited consolidated results for the quarter and financial period ended (“FPE”) 31 March 2018.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND FINANCIAL PERIOD ENDED ENDED 31 MARCH 2018**

	Note	Individual quarter		Cumulative period	
		Current year	Preceding year	Current year	Preceding year
		quarter	quarter	to-date	to-date
		31/03/2018 <sup>(1)</sup>	31/03/2017	31/03/2018 <sup>(1)</sup>	31/03/2017
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	A9	31,919	23,754	31,919	23,754
Cost of sales		(22,831)	(16,627)	(22,831)	(16,627)
Gross profit		9,088	7,127	9,088	7,127
Other income		2,444	450	2,444	450
Administrative expenses		(5,229)	(3,566)	(5,227)	(3,566)
Other operating expenses		(1,953)	(738)	(1,953)	(738)
<b>Profits from operations</b>		4,350	3,273	4,352	3,273
Finance costs		(271)	(555)	(271)	(555)
Profit before tax	B12	4,079	2,718	4,081	2,718
Tax expense	B5	(1,251)	(771)	(1,251)	(771)
<b>Profit for the period</b>		<u>2,828</u>	<u>1,947</u>	<u>2,830</u>	<u>1,947</u>
<b>Other comprehensive income</b>					
Fair value loss on available-for-sale financial assets		-	-	-	-
Realisation of revaluation		7	3	7	3
<b>Total comprehensive income for the period</b>		<u>2,835</u>	<u>1,950</u>	<u>2,837</u>	<u>1,950</u>
<b>Profit for the period attributable to:</b>					
Equity holders of the parent		2,828	1,947	2,830	1,947
Non-controlling interests		-	-	-	-
		<u>2,828</u>	<u>1,947</u>	<u>2,830</u>	<u>1,947</u>
<b>Total comprehensive income for the period attributable to:</b>					
Equity holders of the parent		2,835	1,950	2,837	1,950
Non-controlling interests		-	-	-	-
		<u>2,835</u>	<u>1,950</u>	<u>2,837</u>	<u>1,950</u>
<b>Earnings per share (sen)</b>					
- Basic <sup>(2)</sup>		0.66	0.45	0.66	0.45
- Diluted <sup>(3)</sup>		N/A	N/A	N/A	N/A
Dividends per share (sen)		N/A	N/A	N/A	N/A

**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 31 December 2017 and the accompanying explanatory notes attached to the interim financial report.
- (2) Basic earnings per share is calculated based on the Company's share capital of 428,102,942 ordinary shares as at 31 March 2018.
- (3) Diluted earnings per share of the Company for the individual quarter and financial period ended 31 March 2018 is equivalent to the basic earnings per share as the Company and its subsidiaries (“GFM Group” or “Group”) does not have convertible options at the end of the reporting period.

N/A Not applicable

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018**

	Unaudited as at 31/03/2018 <sup>(1)</sup>	Audited as at 31/12/2017
Note	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	17,696	17,208
Intangible assets	27,762	28,066
Other investments	521	521
<b>Total non-current assets</b>	<b>45,979</b>	<b>45,795</b>
<b>Current assets</b>		
Tax recoverable	2,386	2,678
Trade receivables	20,264	17,346
Other receivables, deposits & prepayments	14,948	8,887
Cash and cash equivalents	25,001	28,302
<b>Total current assets</b>	<b>62,599</b>	<b>57,213</b>
<b>Total assets</b>	<b>108,578</b>	<b>103,008</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	48,038	48,038
Retained earnings	64,946	62,116
Fair value reserve	21	21
Reorganisation deficit	(45,265)	(45,265)
<b>Total equity</b>	<b>67,740</b>	<b>64,910</b>
<b>Non-current liabilities</b>		
Borrowings	B8 14,458	14,441
Deferred tax liabilities	4,730	4,803
<b>Total non-current liabilities</b>	<b>19,188</b>	<b>19,244</b>
<b>Current liabilities</b>		
Borrowings	B8 2,949	3,017
Tax payable	804	647
Trade payables	7,732	6,273
Other payables and accruals	10,165	8,917
<b>Total current liabilities</b>	<b>21,650</b>	<b>18,854</b>
<b>Total liabilities</b>	<b>40,838</b>	<b>38,098</b>
<b>Total equity and liabilities</b>	<b>108,578</b>	<b>103,008</b>
Net assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.16	0.15

(1) The Unaudited Condensed Statement Of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL PERIOD ENDED 31 MARCH 2018**

	----- Non-Distributable -----				Reorganisation deficit RM'000	Distributable Retained earnings RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Fair value reserve RM'000	Translation Reserve RM'000			
<b>Balance as of 1 January 2018</b>	48,038	-	21	-	(45,265)	62,116	64,910
<b>Comprehensive income</b>							
Profit for the financial period	-	-	-	-	-	2,830	2,830
Transition to no-par value regime <sup>(2)</sup>	-	-	-	-	-	-	-
<b>Other comprehensive loss</b>							
Total comprehensive income for the period	-	-	-	-	-	-	-
<b>Transactions with owners</b>							
Dividends paid on shares	-	-	-	-	-	-	-
<b>Balance as of 31 March 2018</b> <sup>(1)</sup>	<u>48,038</u>	<u>-</u>	<u>21</u>	<u>-</u>	<u>(45,265)</u>	<u>64,946</u>	<u>67,740</u>
<b>Balance as of 1 January 2017</b>	42,810	5,228	28	-	(41,207)	54,301	61,160
<b>Comprehensive income</b>							
Profit for the financial period	-	-	-	-	-	1,947	1,947
Transition to no-par value regime <sup>(2)</sup>	5,228	(5,228)	-	-	-	-	-
<b>Other comprehensive loss</b>							
Total comprehensive income for the period	-	-	3	-	-	-	3
Dividend paid	-	-	-	-	-	-	-
<b>Balance as of 31 March 2017</b>	<u>48,038</u>	<u>-</u>	<u>31</u>	<u>-</u>	<u>(41,207)</u>	<u>56,248</u>	<u>63,110</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 2017 and the accompanying explanatory notes attached to the interim financial report.
- (2) With the Companies Act 2016 ("the New Act") coming into effect on 31 January 2017, the credit standing in the share premium and capital redemption reserve accounts has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium and capital redemption reserve accounts within 24 months after the commencement of the New Act.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

	Year-to-date ended	
	31/03/2018 RM'000	31/03/2017 RM'000
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Profit before tax	4,081	2,718
Adjustment for:		
Amortisation of intangible assets	304	304
Impairment loss on trade receivables	1,952	638
Depreciation of property, plant and equipment	120	79
Interest expense	271	555
Interest income	(115)	(94)
Reversal of impairment of trade receivables	(1,968)	-
Property, plant and equipment written off	-	*
	<u>4,645</u>	<u>4,200</u>
Movements in working capital:		
Trade and other receivables	(8,952)	(705)
Trade and other payables	<u>2,708</u>	<u>2,595</u>
Cash (Used in)/Generated From Operations	(1,599)	6,090
Income tax paid	(874)	(829)
Interest paid	(271)	(555)
Interest received	<u>115</u>	<u>94</u>
Net Cash (Used in)/From Operating Activities	<u>(2,629)</u>	<u>4,800</u>
<b>CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES</b>		
Withdrawal of fixed deposits	5,101	1,072
Placement of fixed deposits	(13,595)	(263)
Purchase of property, plant and equipment	<u>(608)</u>	<u>(501)</u>
Net Cash (Used in)/From Investing Activities	<u>(9,102)</u>	<u>308</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Repayment of finance lease payables	(28)	(21)
Drawdown of term loans	528	2,775
Repayment of borrowings	(564)	(7,441)
Repayment to directors	-	*
Net Cash Used In Financing Activities	<u>(64)</u>	<u>(4,687)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(11,795)	421
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>20,638</u>	<u>6,689</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<u>8,843</u>	<u>7,110</u>
Cash and cash equivalents comprise:		
Cash and bank balances	8,193	8,140
Fixed deposits with a licensed bank	<u>16,808</u>	<u>12,923</u>
	25,001	21,063
Less: Bank overdraft	-	(1,030)
Deposits pledged as securities	(14,058)	(8,923)
Fixed deposits with licensed banks not pledged but with maturities more than three (3) months	<u>(2,100)</u>	<u>(4,000)</u>
	<u>8,843</u>	<u>7,110</u>

**Notes:**

(1) *The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial report.*

N/A Not applicable

\* Denotes < RM1,000

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2018****A COMPLIANCE WITH MALAYSIA FINANCIAL REPORTING STANDARD (MFRS) 134: INTERIM FINANCIAL REPORTING AND THE LISTING REQUIREMENTS OF BURSA SECURITIES****A1 Basis of preparation**

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

This is the interim financial report on the condensed consolidated results for the quarter ended 31 March 2018 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 financial year ended 31 December 2017 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 the financial year ended ("FYE") 31 December 2017.

**A2 Changes in Accounting Policies**

The significant accounting policies adopted in this unaudited condensed consolidated interim financial report are consistent with those adopted as disclosed in the audited financial statements for the financial year ended 31 December 2017, except for the following as they are not yet effective for the financial period:

MFRS 3	Business Combinations (Amendments to MFRS 3)
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)
MFRS 11	Joint Arrangements (Amendments to MFRS 11)
MFRS 16	Leases
MFRS 17	Insurance Contracts
MFRS 112	Income Taxes (Amendments to MFRS 112)
MFRS 119	Employee Benefits (Amendments to MFRS 119)
MFRS 123	Borrowing Costs (Amendments to MFRS 123)
IC INT 23	Uncertainty over Income Tax Treatments

**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 2017 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**

There was no dividend paid during the current financial quarter and current financial period under review.

**A9 Segmental Information**

No segment reporting is prepared as the principal activities of the Group are predominantly carried out in Malaysia and are engaged in a single business segment of facilities management services.

**A10 Valuation of Property, Plant and Equipment**

There were no valuations of property, plant and equipment during the current financial quarter and current financial period under review.

**A11 Material Events Subsequent to the end of the current quarter**

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

**A12 Changes in the Composition of the Group**

There were no other material changes in the composition of the Group for the current financial quarter under review.

**A13 Contingent liabilities or contingent assets**

On 14 June 2017, Lembaga Hasil Dalam Negeri Malaysia ("LHDN") performed tax audit on the accounting records of the subsidiary, Global Facilities Management Sdn. Bhd. ("GFMSB") from years of assessment 2011 to 2015.

Based on the letter from LHDN dated 10 October 2017, LHDN requested for additional supporting documents for several revenue and expenses items. LHDN's preliminary assessments of the tax under paid and tax penalty of GFMSB for the years of assessment 2011 to 2015 amounted to RM5,839,000 and RM2,627,000 respectively, subject to LHDN's acceptance and approval of the additional supporting documents requested.

On 8 May 2018, LHDN has accepted and concluded that the tax under paid and tax penalty of GFMSB for the years of assessment 2011 to 2015 will be reduced to RM 517,424.

**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**

The Group's revenue are mainly derived from its facilities management services.

The Group recorded revenue of RM 31,919,316 and profit before tax of RM 4,102,538 for the financial period ended 31 March 2018 and revenue of RM 23,753,922 and profit before tax of RM 2,718,588 for the financial period ended 31 March 2017.

The major contributor to the Group's revenue during the current quarter and current financial period under review was from the facilities management services operations segment. Our Group recorded revenue from this segment of RM 31,919,316 which accounted for 100% of the total revenue recorded for the current financial period under review.

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

	Current year quarter 31/03/2018 RM'000	Preceding quarter 31/12/2017 RM'000	Variance RM'000	%
Revenue	31,919	23,754	8,165	34%
Profit before tax	4,079	2,719	1,360	50%

The Group reported revenue of RM31.9 million and profit before tax of approximately RM4.1 million for the current quarter ended 31 March 2018, representing an improvement of RM8.2 million or 34% as compared to revenue of RM23.8 million in the preceding quarter ended 31 December 2017 and an improvement of RM1.4 million or 50% as compared to profit before tax of RM2.7191 million in the preceding quarter ended 31 December 2017. This was due to increased revenue as new contracts were obtained.

**B3 Prospects**

The KP Mukah Development Sdn Bhd proposed acquisition will positively contribute to the Group earnings as we anticipate to complete by 2nd half of 2018. In addition to that, the Group sentiment remain positive on growth momentum in 2018 in securing projects through the active tender books.

Contracts secured year-to-date totaling RM 48.860 million and outstanding order book as at 31 March 2018 was RM 288.239 million.

**B4 Variance between Actual Profit and Forecast Profit**

The Group has not provided any revenue or profit forecast in any public documents and announcements.

**B5 Taxation**

	Individual quarter		Cumulative period	
	Current year quarter 31/03/2018 RM'000	Preceding year quarter 31/03/2017 RM'000	Current year to-date 31/03/2018 RM'000	Preceding year to-date 31/03/2017 RM'000
Income tax				
Current period	1,324	844	1,324	844
Prior period	-	-	-	-
	<u>1,324</u>	<u>844</u>	<u>1,324</u>	<u>844</u>
Deferred tax				
Current period	(73)	(73)	(73)	(73)
Prior period	-	-	-	-
	<u>1,251</u>	<u>771</u>	<u>1,251</u>	<u>771</u>

The effective tax rate for the current quarter and 3-month financial period ended 31 March 2018 of 30% which was higher than the statutory tax rate was mainly due to expenses disallowed for tax purposes.

**B6 Unquoted investments and properties**

There were no purchases or sales of unquoted investment or properties for the current financial quarter and current financial period under review.

**B7 Quoted securities**

There were no acquisitions or disposals of quoted securities for the current financial quarter and the financial period to date.

**B8 Borrowings and Debt Securities**

The Group's total debts as at 31 March 2018 which are denominated in Ringgit Malaysia are as follows:

	Unaudited as at 31/03/2018 RM'000	Audited as at 31/12/2017 RM'000
<b>Short-term indebtedness:</b>		
Secured and guaranteed Borrowings	14,458	3,017
<b>Long-term indebtedness:</b>		
Secured and guaranteed Borrowings	<u>2,949</u>	<u>14,441</u>
<b>Total indebtedness</b>	<u>17,407</u>	<u>17,458</u>



**B9 Material Litigation**

There were no material litigations pending as at 23 May 2018.

**B10 Dividend**

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

**B11 Earnings Per Share ("EPS")**

	Individual quarter		Cummulative period	
	Current year quarter 31/03/2018 RM'000	Preceding year quarter 31/03/2017 RM'000	Current year to-date 31/03/2018 RM'000	Preceding year to-date 31/03/2017 RM'000
<b>BASIC EPS</b>				
Profit for the period (RM'000)	2,828	1,947	2,830	1,947
Number of ordinary shares in issue ('000)	428,103	428,103	428,103	428,103
Basic EPS (Sen)	0.66	0.45	0.66	0.45

There was no dilution in the earning per share as there was no potential diluted ordinary share outstanding as at the end of the current quarter under review.

**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		Cummulative quarter	
	Current year quarter 31/03/2018 RM'000	Preceding year quarter 31/03/2017 RM'000	Current year to-date 31/03/2018 RM'000	Preceding year to-date 31/03/2017 RM'000
Interest income	115	94	115	94
Other income:				
- Bad debts recovered	-	-	-	-
- Compensation received	-	-	-	-
- Reversal of impairment on trade receivables	1,968	-	1,968	-
- Investment income	-	-	-	-
- Miscellaneous	-	-	-	-
Interest expense	(271)	(555)	(271)	(555)
Depreciation of property, plant and equipment	(120)	(79)	(120)	(79)
Amortisation of intangible assets	(304)	(304)	(304)	(304)
Bad debts written off	-	-	-	-
Write off on:				
- Trade receivables	-	-	-	-
- Inventories	-	-	-	-
Impairment loss on:				
- Trade receivables	(1,952)	(638)	(1,952)	(638)
- Goodwill	-	-	-	-
- Inventories	-	-	-	-
Employee benefits expense	(7,783)	(6,887)	(7,783)	(6,887)
Gain or loss on disposal of quoted or unquoted investments or pro	-	-	-	-
Realised foreign exchange gain or loss	-	-	-	-
Unrealised foreign exchange gain or loss	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Rental of premises	(34)	(34)	(34)	(34)
Rental of office equipment	(26)	(5)	(26)	(5)

**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.

The board of directors of GFM had, on 5 July 2017, announced that the Company intends to undertake the following proposals:-

- (i) 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"); and
- (ii) Proposed amendments to the constitution of the Company to facilitate the Proposed Transfer of Listing and to ensure compliance with the relevant rules and regulatory provisions governing the Company ("Proposed Amendments"); and
- (iii) Proposed establishment of an employee share scheme of up to 5% of the total number of issued shares of GFM at any point in time ("Proposed Employee Share Scheme") comprising the:-
  - (a) Proposed establishment of an employee share option scheme to the eligible persons of GFM Group; and
  - (b) Proposed establishment of an employee share grant scheme to the eligible persons of GFM Group

KAF Investment Bank Berhad had, on 24 August 2017, announced on behalf of the Company that the the Company has decided to undertake the proposed adoption of a new constitution of the Company ("Proposed Adoption of New Constitution") in place of the Proposed Amendments as announced on 5 July 2017.

KAF Investment Bank Berhad had, on 5 September 2017, made the relevant submission to Bursa Securities in relation to the Proposed Employee Share Scheme and Proposed Adoption of New Constitution.

**B13 Status of corporate proposals (continued)**

KAF Investment Bank Berhad had, on 11 September 2017, received a letter from Bursa Malaysia Securities Berhad dated 11 September 2017 to KAF IB for the approval of the listing of such number of new ordinary shares, representing up to 5% of the total number of issued shares of GFM Services, excluding treasury shares, to be issued pursuant to the Proposed Employee Share Scheme.

The Company had, on 17 October 2017, held its extraordinary general meeting in relation to the Proposed Employee Share Scheme and Proposed Adoption of New Constitution. All the relevant resolutions as included in its circular to the shareholders of GFMSB dated 20 September 2017 in relation to the Proposed Employee Share Scheme and Proposed Adoption of New Constitution were carried. The new constitution of GFMSB is effective immediately after the special resolution in relation to the Proposed Adoption of New Constitution was carried on 17 October 2017.

KAF Investment Bank Berhad had, on 9 March 2018, announced on behalf of the Board that the effective date for the implementation of the Proposed Employee Share Scheme is 9 March 2018, which is the date of full compliance with Rule 6.44(1) of the ACE LR.

The Proposed Transfer of Listing is pending submission to the relevant authorities.

KAF Investment Bank Berhad had, on 26 January 2018, on behalf of the board of Directors of GFM Services Berhad, announced that the Company had entered into a Conditional Share Sale Agreement with Kumpulan Parabena Sdn Bhd for the proposed acquisition of entire issued share capital of KP Mukah Development Sdn Bhd from Kumpulan Parabena Sdn Bhd for RM 130,000,000 to be satisfied wholly by cash.

The Company had, on 21 March 2018, held its extraordinary general meeting in relation to the Proposed Acquisition of 5,000,000 ordinary shares of KP Mukah Development Sdn Bhd ("KPMD") representing the entire issued share capital of KPMD by GFM Services Berhad from Kumpulan Parabena Sdn Bhd for the total purchase consideration of rm130,000,000 to be satisfied wholly by cash ("Proposed Acquisition of KPMD").

M&A Securities Sdn Bhd had, on 7 May 2018, announced on behalf of the Board that Company proposes to undertake a private placement of up to 10% of the issued ordinary shares of GFM Services ("Proposed Private Placement").

The Proposed Private Placement will be undertaken in accordance with the general mandate pursuant to Section 75 of the Companies Act 2016 obtained from the shareholders of the Company at its 4th Annual General Meeting ("AGM") held on 23 May 2017, whereby the Board has been authorised to allot and issue new ordinary shares in GFM Services ("GFM Services Shares") not exceeding 10% of the issued ordinary shares of the Company (excluding treasury shares) ("Shareholders' Mandate").

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