



GFM SERVICES BERHAD

(Company No: 1033141-H)

(Incorporated in Malaysia)

Year 2018

Quarterly Announcement

For the Second Quarter Ended 30 June 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") 30 June 2018.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018

	Note	Individual quarter		Cumulative period	
		Current year	Preceding year	Current year	Preceding year
		quarter	quarter	to-date	to-date
		30/06/2018 ⁽¹⁾	30/06/2017	30/06/2018 ⁽¹⁾	30/06/2017
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	29,180	26,016	61,099	49,770
Cost of sales		(21,868)	(18,132)	(44,699)	(34,759)
Gross profit		7,312	7,884	16,400	15,011
Other income		867	196	3,311	646
Administrative expenses		(5,324)	(4,686)	(10,552)	(8,252)
Other operating expenses		(748)	209	(2,701)	(529)
Profits from operations		2,107	3,603	6,458	6,876
Finance costs		(284)	(152)	(555)	(707)
Profit before tax	B12	1,823	3,451	5,903	6,169
Tax expense	B5	(978)	(760)	(2,229)	(1,531)
Profit for the period		<u>845</u>	<u>2,691</u>	<u>3,674</u>	<u>4,638</u>
Other comprehensive income					
Fair value loss on available-for-sale financial assets		-	-	-	3
Realisation of revaluation		7	7	7	7
Total comprehensive income for the period		<u>852</u>	<u>2,698</u>	<u>3,681</u>	<u>4,648</u>
Profit for the period attributable to:					
Equity holders of the parent		845	2,691	3,674	4,638
Non-controlling interests		-	-	-	-
		<u>845</u>	<u>2,691</u>	<u>3,674</u>	<u>4,638</u>
Total comprehensive income for the period attributable to:					
Equity holders of the parent		852	2,698	3,681	4,648
Non-controlling interests		-	-	-	-
		<u>852</u>	<u>2,698</u>	<u>3,681</u>	<u>4,648</u>
Earnings per share (sen)					
- Basic ⁽²⁾		<u>0.20</u>	<u>0.63</u>	<u>0.86</u>	<u>1.08</u>
- Diluted ⁽³⁾		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Dividends per share (sen)		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss And Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 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 440,702,942 ordinary shares as at 30 June 2018.
- (3) Diluted earnings per share of the Company for the individual quarter and financial period ended 30 June 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 30 JUNE 2018

	Unaudited as at 30/06/2018 ⁽¹⁾	Audited as at 31/12/2017
Note	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	18,800	17,208
Intangible assets	27,458	28,066
Other investments	521	521
Total non-current assets	<u>46,779</u>	<u>45,795</u>
Current assets		
Tax recoverable	2,428	2,678
Trade receivables	19,486	17,346
Other receivables, deposits & prepayments	16,054	8,887
Cash and cash equivalents	30,013	28,302
Total current assets	<u>67,981</u>	<u>57,213</u>
Total assets	<u>114,760</u>	<u>103,008</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	54,149	48,038
Share premium	-	-
Retained earnings	65,790	62,116
Fair value reserve	21	21
Reorganisation deficit	(45,265)	(45,265)
Translation reserve	-	-
Total equity	<u>74,695</u>	<u>64,910</u>
Non-current liabilities		
Borrowings	B8 14,664	14,441
Deferred tax liabilities	4,657	4,803
Total non-current liabilities	<u>19,321</u>	<u>19,244</u>
Current liabilities		
Borrowings	B8 3,041	3,017
Tax payable	983	647
Trade payables	6,198	6,273
Other payables and accruals	10,522	8,917
Amount due to directors	-	-
Total current liabilities	<u>20,744</u>	<u>18,854</u>
Total liabilities	<u>40,065</u>	<u>38,098</u>
Total equity and liabilities	<u>114,760</u>	<u>103,008</u>
Net assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.17	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 30 JUNE 2018

	----- Non-Distributable -----					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	Reorganisation deficit RM'000		
Balance as of 1 January 2018	48,038	-	21	-	(45,265)	62,116	64,910
Comprehensive income							
Profit for the financial period	-	-	-	-	-	3,674	3,674
Transition to no-par value regime ⁽²⁾	-	-	-	-	-	-	-
Other comprehensive loss							
Total comprehensive income for the period	-	-	-	-	-	-	-
Transactions with owners							
Private placement	6,111	-	-	-	-	-	6,111
Balance as of 30 June 2018	54,149	-	21	-	(45,265)	65,790	74,695
Balance as of 1 January 2017	42,810	5,228	28	-	(45,265)	58,359	61,160
Comprehensive income							
Profit for the financial period	-	-	-	-	-	4,638	4,638
Transition to no-par value regime ⁽²⁾	5,228	(5,228)	-	-	-	-	-
Other comprehensive loss							
Total comprehensive income for the period	-	-	3	-	-	-	3
Foreign currency translation differences	-	-	-	7	-	-	7
Transactions with owners							
Dividend paid	-	-	-	-	-	(6,186)	(6,186)
Balance as of 30 June 2017	48,038	-	31	7	(45,265)	56,811	59,622

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 30 JUNE 2018

	Year-to-date ended	
	30/06/2018 RM'000	30/06/2017 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before tax	5,903	6,169
Adjustment for:		
Amortisation of intangible assets	608	608
Impairment loss on trade receivables	2,700	261
Bad debts written off	-	263
Depreciation of property, plant and equipment	268	158
Interest expense	555	707
Interest income	(258)	(194)
Reversal of impairment of trade receivables	(1,968)	-
Property, plant and equipment written off	-	*
	<u>7,808</u>	<u>7,972</u>
Movements in working capital:		
(Increase)/Decrease in:		
Trade and other receivables	(10,041)	1,838
Increase in:		
Trade and other payables	1,531	2,543
Cash (Used in)/Generated From Operations	(702)	12,353
Income tax paid	(1,788)	(2,072)
Interest paid	(555)	(707)
Interest received	258	194
Net Cash (Used in)/From Operating Activities	<u>(2,787)</u>	<u>9,768</u>
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		
Drawdown of fixed deposits	7,201	5,071
Placement of fixed deposits	(11,843)	(2,649)
Purchase of property, plant and equipment	(785)	(128)
Net Cash (Used in)/From Investing Activities	<u>(5,427)</u>	<u>2,294</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Drawdown/(Repayment) of finance lease payables	(1,159)	(497)
Obtain term loan	1,651	9,990
Repayment of borrowings	(1,319)	(9,045)
Repayment to directors	-	*
Dividend paid	-	(6,186)
Net Cash Used In Financing Activities	<u>(827)</u>	<u>(5,738)</u>
EFFECT OF EXCHANGE RATE CHANGES		
	-	7
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(9,041)	6,324
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>20,638</u>	<u>6,689</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>11,597</u>	<u>13,020</u>
Cash and cash equivalents comprise:		
Cash and bank balances	10,947	11,310
Fixed deposits with a licensed bank	<u>19,066</u>	<u>14,111</u>
	30,013	25,421
Less: Bank overdraft	-	-
Deposits pledged as securities	(16,516)	(10,401)
Fixed deposits with licensed banks not pledged but with maturities more than three (3) months	(1,900)	(2,000)
	<u>11,597</u>	<u>13,020</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 30 JUNE 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 30 June 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

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.

[THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

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 61,099,065 and profit before tax of RM 5,903,397 for the financial period ended 30 June 2018 and revenue of RM 49,769,875 and profit before tax of RM 6,169,866 for the financial period ended 30 June 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 61,099,065 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 30/06/2018 RM'000	Preceding quarter 31/03/2018 RM'000	Variance RM'000	%
Revenue	29,180	31,919	(2,739)	-9%
Profit before tax	1,823	4,081	(2,258)	-55%

The Group reported revenue of RM29.2 million and profit before tax of RM1.8 million for the current quarter ended 30 June 2018 ("2Q"), representing a decline of RM2.7 million or 9% as compared to revenue of RM31.9 million in the preceding quarter ended 31 March 2018 ("1Q") was mainly due higher variation orders (VOs) in 1Q as compared to 2Q.

The decline in profit before tax (PBT) of RM2.3 million or 55% as compared to the preceding quarter ended 31 March 2018 was mainly due to higher one-off projects costs incurred in 2Q 2018. The PBT is expected to normalised in 3Q 2018 moving forward.

B3 Prospects

The proposed acquisition of KP Mukah Development Sdn Bhd ("KPMD") is expected to be completed by 26 September 2018 and anticipate consolidation upon completion moving forward. The Group has also embarked on a Group-wide cost optimization that is projected to contribute positively by year-end 2018.

The Group has secured contracts totaling RM 88.730 million and the outstanding order book stood at RM 298.989 million as at 30 June 2018.

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 30/06/2018 RM'000	Preceding year quarter 30/06/2017 RM'000	Current year to-date 30/06/2018 RM'000	Preceding year to-date 30/06/2017 RM'000
Income tax				
Current period	1,051	833	2,375	1,677
Prior period	-	-	-	-
	<u>1,051</u>	<u>833</u>	<u>2,375</u>	<u>1,677</u>
Deferred tax				
Current period	(73)	(73)	(146)	(146)
Prior period	-	-	-	-
	<u>978</u>	<u>760</u>	<u>2,229</u>	<u>1,531</u>

The effective tax rate for the current quarter and 3-month financial period ended 30 June 2018 of 38% 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 30 June 2018 which are denominated in Ringgit Malaysia are as follows:

	Unaudited as at 30/06/2018 RM'000	Audited as at 31/12/2017 RM'000
Short-term indebtedness:		
<u>Secured and guaranteed</u> Borrowings	3,041	3,017
Long-term indebtedness:		
<u>Secured and guaranteed</u> Borrowings	<u>14,664</u>	<u>14,441</u>
Total indebtedness	<u>17,705</u>	<u>17,458</u>

B9 Material Litigation

There were no material litigations pending as at 27 August 2018.

B10 Dividend

The Board of Directors has declared a final single tier dividend of 0.919 sen per ordinary share in respect of the financial year ended 31 December 2017 amounting RM 4,050,037.

B11 Earnings Per Share ("EPS")

	Individual quarter		Cumulative period	
	Current year quarter 30/06/2018 RM'000	Preceding year quarter 30/06/2017 RM'000	Current year to-date 30/06/2018 RM'000	Preceding year to-date 30/06/2017 RM'000
BASIC EPS				
Profit for the period (RM'000)	845	2,691	3,674	4,638
Number of ordinary shares in issue ('000)	428,381	428,103	428,381	428,103
Basic EPS (Sen)	0.20	0.63	0.86	1.08

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		Cumulative quarter	
	Current year quarter 30/06/2018 RM'000	Preceding year quarter 30/06/2017 RM'000	Current year to-date 30/06/2018 RM'000	Preceding year to-date 30/06/2017 RM'000
Interest income	258	101	258	194
Other income:				
Bad debts recovered	300	-	300	-
Compensation received	-	-	-	-
Reversal of impairment on trade receivables	-	383	1,968	-
Investment income	-	-	-	-
Miscellaneous	491	452	889	452
Interest expense	(284)	(152)	(555)	(707)
Depreciation of property, plant and equipment	(148)	(79)	(268)	(158)
Amortisation of intangible assets	(304)	(304)	(608)	(608)
Bad debts written off	-	(263)	-	(263)
Write off on:				
- Trade receivables	-	-	-	-
- Inventories	-	-	-	-
Impairment loss on:				
- Trade receivables	(748)	-	(2,700)	(261)
- Goodwill	-	-	-	-
- Inventories	-	-	-	-
Employee benefits expense	(8,333)	(8,191)	(16,116)	(15,078)
Gain or loss on disposal of quoted or unquoted investments or properties	-	-	-	-
Realised foreign exchange gain or loss	-	-	-	-
Unrealised foreign exchange gain or loss	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Rental of premises	(150)	(99)	(184)	(132)
Rental of office equipment	(30)	(41)	(56)	(46)

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 RM 130,000,000 to be satisfied wholly by cash ("Proposed Acquisition of KPMD").

On 7 May 2018, M&A Securities Sdn Bhd, on behalf of the Board of Directors of GFM Services, announced that the Company proposed to undertake a private placement of up to 10% of the issued shares of GFM Services ("Proposed Private Placement"). 12,600,000 ordinary shares of RM 0.4850 each has been issued on 26 June 2018.

KAF Investment Bank Berhad had, on behalf of the Company, announced that the parties to the Conditional SSA dated 26 January 2018 had, on 25 July 2018, entered into a supplemental agreement to amend the clauses of the Conditional SSA ("Supplemental Agreement").

B14 Status of utilisation of proceeds

i) Status of Utilisation of Proceeds from Private Placement

No.	Purpose	Proposed Utilisation		Actual Utilisation	Intended timeframe for utilisation from listing date (27 June 2018)	Balance of unutilised proceeds
		Base Scenario RM'000	Maximum Scenario RM'000			
1.	Estimated expenses for the Proposed Private Placement	640	660	196	Within 1 month	444
2.	Part finance acquisition of KPMD	19,053	20,017	0	Within 6 months	5,915
		19,693	20,677	196		6,359

ⁱ Proposed Utilisation as disclosed in the Explanatory Statement Cum Circular to shareholder dated 7th May 2018 in relation to the fund raising for acquisition of KPMD.

[THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK]