GFM Services Berhad

GFM Services Berhad
Annual Report 2017

Innovation . Reliability . Strategic Partnering

Innovation . Reliability
Strategic Partnering

The GFM Services Berhad (“GFM”) 2017 Annual Report cover design is founded on the idea of the circle. It is the most efficient geometric shape with respect to movement. It easily overcomes inertia and resistance to remain in motion. As a shape, it is devoid of single stress points and readily distributes stresses around its circumference.

This is akin to GFM. Forging ahead with purpose as it drives its corporate machinery focused on being customer-centric, bringing innovation and reliability to a partnership strategically woven to realise our clients’ vision. With a focus very much on Malaysia, GFM intends to be one of the most sought after and reputable Integrated FM solutions providers in the country.

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Corporate Information

Board of Directors

Abdul Rahim Bin Abdul Hamid
Independent Non-Executive Chairman

Ruslan Bin Nordin
Group Managing Director

Zainal Bin Amir
Executive Director

Mohammad Shahrizal Bin Mohammad Idris
Executive Director

Zainal Arifin Bin Khalid
Independent Non-Executive Director

Yong Hee Kong
Independent Non-Executive Director

Ashok Virendra Shah
Independent Non-Executive Director

Audit Committee

Ashok Virendra Shah
Chairman

Abdul Rahim Bin Abdul Hamid
Member

Yong Hee Kong
Member

Nomination and Remuneration Committee

Zainal Arifin Bin Khalid
Chairman

Ashok Virendra Shah
Member

Yong Hee Kong
Member

Company Secretary

Wong Youn Kim (MAICSA 7018778)

Group Chief Operating Officer

Jeffery Bin Mohamad Akhir

Registered Office
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel: (603) 2241 5800
Fax: (603) 2282 5022

Corporate Office
257A, First Floor
Jalan Bandar 12
Taman Melawati
53100 Kuala Lumpur
Tel: (603) 4107 2250
Fax: (603) 4107 2251
Web: www.gfmservices.com.my

Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: (603) 2783 9299
Fax: (603) 2783 9222

Auditors
Baker Tilly Monteiro Heng (AF 0117)
Baker Tilly MH Tower
Level 10, Tower 1
Avenue 5, Bangsar South City
59200 Kuala Lumpur
Tel: (603) 2297 1000
Fax: (603) 2282 9980

Admission Sponsor
KAF Investment Bank Berhad (20657-W)
Level 14, Chulan Tower
No. 3, Jalan Conlay
50450 Kuala Lumpur
Tel: (603) 21710228
Fax: (603) 2171 0204
Web: www.kaf.com.my

Principal Bankers
CIMB Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd.

Stock Exchange Listing
The ACE Market of Bursa Malaysia Securities Berhad

Stock Name: GFM
Stock Code: 0039

Corporate Structure

GFM
GFM Services Berhad
(1033141-H)

Global Facilities Management Sdn Bhd 100%
(505250-T)

Everfine FMS Sdn Bhd 100%
(944415-H)

GFM Solutions Sdn Bhd 100%
(681705-K)

Chairman's Statement

Abdul Rahim Bin Abdul Hamid
Chairman, Independent Director

In 2017, we witnessed an increasing trend of outsourcing of non-core activities as more facility owners gain a deeper understanding on the benefits of engaging a facilities management specialist compared to having an in-house team.

Dear Shareholders,

On behalf of the Board of Directors ("Board") of GFM Services Berhad ("GFM" or "the Group"), I am pleased to present to you the Annual Report and Audited Financial Statements of GFM for the financial year ended 31 December 2017 ("FYE 2017").

The year 2017 was an important year for GFM as it marked our first year of being a public listed entity since the Group's listing on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 9 January 2017.

Economic Backdrop

The Malaysian economy grew by 5.9% in 2017. Stronger exports and robust domestic demand, driven by private consumption and higher employment in 2017 led to a surge in economic activities, further improving business sentiment in 2017. Malaysia's Ministry of Finance forecasts the steady growth momentum to continue into 2018 with the Malaysian economy to grow between 5.0% and 5.5%[1] on the back of continued domestic demand and supported by a favourable external business environment.

Performance Overview

We achieved record high revenue of RM104.4 million in FYE 2017 as the Group continued to expand through the renewal of existing contracts at higher rates and clinching of new contract awards. Net profit for the FYE 2017 stood at RM9.9 million as compared to RM13.0 million as at 31 December 2016.

In 2017, we witnessed an increasing trend of outsourcing of non-core activities as more facility owners gain a deeper understanding on the benefits of engaging a facilities management specialist compared to having an in-house team. GFM successfully secured new contracts in 2017 further replenishing our order book to RM261.7 million as at 31 December 2017.

In line with the Group's dividend policy to distribute a minimum of 40% of our core annual profit after tax and minority interests ("PATAMI"), we are pleased to declare a first and final single-tier dividend of 0.919 sen per share. This amounts to RM 3.9 million and represents a dividend payout ratio of 50% of FYE 2017 Core PATAMI, which has been adjusted to exclude non-operational items and other income.

1 2018 Economic Report by Ministry of Finance

During the year, GFM announced the proposed transfer of the Group's listing to the Main Market of Bursa Securities. This will enhance the Group's credibility, prestige and reputation among investors.

Future Prospects

Moving forward, the growth in the facilities management market is expected to be driven by increasing awareness and acceptance from the private sector. We will also continue to leverage on the government's outsourcing trend as we plan to bid for more government projects under the Public-Private Partnership ("PPP") initiative.

We look forward to the expected completion of the proposed acquisition of KP Mukah Development Sdn Bhd ("KPMD") in the second half of 2018. KPMD is our first foray into a concession business as it holds the concession for the construction and provision of facilities management services for Universiti Teknologi Mara ("UiTM") Mukah until 2035. This strategic acquisition enables us to widen our scope and move up the value chain from being a facilities management service provider to a concession owner. This acquisition also provides an opportunity for us to accelerate the Group's financial growth as GFM is entitled to KPMD's future recurring cash flow for the remaining 18 years of the concession.

We also expect to see an uptake of energy-efficiency services in buildings as businesses adopt more environmental-friendly policies. In light of this, the Group will continue to adapt and improve our delivery of services to the evolving needs of our clients and the technological advancement of the market.

During the year, GFM announced the proposed transfer of the Group's listing to the Main Market of Bursa Securities. This will enhance the Group's credibility, prestige and reputation among investors, especially institutional investors. Furthermore, the establishment of an Employee Share Scheme of up to 5% of GFM's issued and paid-up share capital is aimed at attracting, retaining, motivating and rewarding our employees.

We started 2018 on a strong footing and anticipate the growth momentum to be sustained by the Group's solid order book and future growth prospects. We remain focused on expanding the business by maintaining a high contract renewal rate and pursuing new growth opportunities via strategic mergers and acquisitions. Our aim is to continuously strengthen the Group's position to become a market leader in the facilities management space.

Appreciation

On behalf of the Board, I would like to extend my appreciation to the management and all our employees for their dedication and contribution to the Group's growth. I would also like to thank our clients and shareholders for their continued support and loyalty to the Group.

ABDUL RAHIM BIN ABDUL HAMID
Chairman

Management Discussion & Analysis

Our Scope of Services

GFM Services Berhad ("GFM") is a pure-play Facilities Management ("FM") service provider with a proven track record of 18 years' experience in providing integrated facilities management and consultancy services to public and private sectors. We offer a range of facilities management services categorised as soft and hard services as well as Facility Consultancy and Advisory ("FCA") services.

GFM business model is promised on the management and integration of the hard and soft services, enabling the client to improve the effectiveness of the primary and core business activities.

Hard FM Services

- Mechanical and electrical systems maintenance
- Civil and structural services
- Plumbing

Soft FM Services

- Housekeeping and hygiene
- Landscaping
- Security management
- Janitorial
- Other general services

Consultancy Services

- Process planning and advisory
- Review of facility designs and conditions
- Facilities management training

We specialize in providing end-to-end facilities management solutions with the aim of generating real added value for our clients. The outsourcing of non-core activities enables our clients to function more efficiently and productively in the quest of growing their business.

Financial Performance Review

GFM delivered a commendable set of results for FYE 2017 as revenue reached a new high of RM104.4 million, an increase of 13% from a revenue of RM92.1 million as at 31 December 2016 ("FYE 2016").

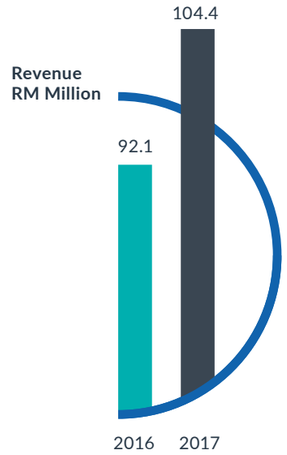
Provision of facilities management services remained the anchor of the Group, contributing 100% to the Group's revenue. The growth was on the back of new contract awards and renewal of contracts with improved rates. The Group's performance was further boosted by the maiden contribution from the Lembaga Kemajuan Ikan Malaysia ("LKIM") contract.

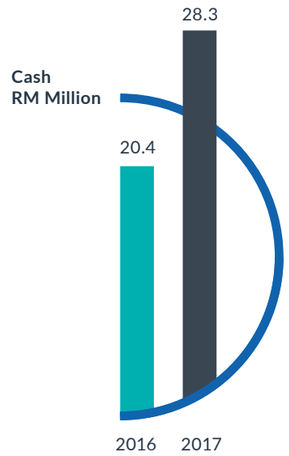
In tandem with revenue growth, gross profit increased by 14% to RM29.9 million while gross profit margin also grew to 29% in FYE 2017 attributable to the Group's cost optimisation efforts.

However, profit before tax decreased to RM14.6 million for FYE 2017, impacted by higher expenditure incurred for GFM's corporate exercises arising from the listing exercise and proposed acquisition of a concessionaire, KP Mukah Development Sdn Bhd ("KPMD").

The absence of a debt write-back of RM6.2 million recorded in FYE 2016 further contributed to the performance difference.

Net profit for the year stood at RM9.9 million for FYE 2017 as compared to RM13.0 million in FYE 2016.





Dividend Policy

In line with GFM's intention of rewarding its shareholders, the Group had adopted a dividend policy to distribute 40% of the Group's core profit after tax and minority interest ("PATAMI"). For FYE 2017, the Board declared a first and final single-tier dividend of 0.919 sen per share for FYE 2017. This amounts to a dividend pay out of RM 3.9 million and represents 50% of the Group's FYE 2017 Core PATAMI, which has been adjusted to exclude non-operational items and other income.

Financial Position

GFM's financial position remained solid in FYE 2017 with a cash position of RM28.3 million, a 39% increase from RM20.4 million as at 31 December 2016. Total borrowings for FYE 2017 increased to RM17.5 million due to refinancing of Malaysia Building Society Berhad (MBSB) term loan for the acquisition of Everfine FMS Sdn. Bhd. previously. However, the Group's gearing level remained stable at 0.3 times, providing GFM the capacity to take on more gearing to fund future developments.

GFM actively monitors and manages the collection of its trade receivables. As a result of our efficient credit management, the Group's trade receivables turnover improved to 61 days for FYE 2017. Shareholders' equity stood at RM64.9 million with net asset per share of 15 sen as at 31 December 2017.

As a facilities management company, we adopt an asset-light business model with minimal capital expenditure ("capex") costs. Apart from future acquisitions, we do not foresee incurring significant capex for our operations in the coming year. Overall, the Group's balance sheet remains strong and well-positioned to capitalise on arising opportunities.

Operational Highlights

GFM continued to expand organically in 2017 as we prevailed in renewing a majority of our existing contracts whilst clinching new contracts. Our ability to maintain a strong renewal rate year after year stands as a testament to our clients' trust in our capability and commitment in delivering the highest quality of service in meeting their needs.

New contracts valued at RM27.7 million were secured during the year. In addition to winning contracts for facilities management services, the Group also secured contracts to provide facility consultancy and advisory services. These contracts are usually awarded in the preliminary stages of a development and carry a smaller contract value and shorter tenure. Nonetheless, it gives the Group a strategic entry point into the new development thus enhancing our competitive advantage in securing the subsequent facilities management services contract once the building is completed.

As a case in point, in September 2017, GFM entered into a Collaboration Agreement with UDA Holdings Bhd for the provision of preliminary facilities management consultancy services for the pre-construction phase of Bukit Bintang City Centre ("BBCC"). Scope of works include structuring the facilities management strategy for the development, determination of operational and life cycle cost as well as optimisation of design. Once construction of BBCC is completed, we aim to secure a full-scale contract of facilities management services, further enhancing our portfolio.

The year also saw the commencement of works for the LKIM Fishery Complex in Sarawak, which is the largest deep-sea fishing port in Malaysia. GFM was awarded the LKIM contract in 2011 and includes FM consultancy during the construction period and subsequently the Facilities Management contract. This contract is one of the five PPP projects in which GFM has successfully participated in.

Looking Ahead

The Group remains steadfast in the journey to become a market leader in the facilities management space. Looking ahead, GFM will continue to explore new business prospects through the tendering of new projects and strategic acquisitions to solidify our order book and drive growth for the Group.

In January 2018, we strengthened our competitive position in the market as we are one step closer to acquiring our first concession business, which will bring our order book up to RM1.5 billion. KP Mukah Development Sdn Bhd holds the concession for the construction and provision of facilities management services for UiTM Mukah until 2035. As the concession owner, GFM will be entitled to KPMD's future recurring cash flow for the remaining 18 years, hence enhancing the Group's income and long-term earnings visibility.

GFM's entry into the concession business enables us to move up the value chain, widening our service lines. The proposed acquisition also provides a platform for us to bid for more earnings-accretive concessionaires moving forward. We look forward to the completion of the proposed acquisition in the second half of 2018. This, coupled with the Group's outstanding order book of RM261.7 million as at end December 2017 will augur well for the Group's financial performance in the coming years.

Meanwhile, we will continue to leverage on the growing trend of outsourcing of facilities management services by participating in more government's initiatives. There is also increasing awareness to implement energy-efficient initiatives as the government pushes for more green buildings. This bodes well for the Group as we have the capability to meet our clients' green targets.

Sustainability Matters

Our biggest and most important assets are our employees. As at 31 December 2017, we employed 526 personnel from various disciplines with 20% with tertiary education.

We are aware that having a committed and skilled workforce is key to delivering quality service to our clients. In 2017, the Group refreshed a leadership development framework “Genesis 2.0” to promote a culture of continuous learning and to improve leadership skills across the Group.

We also launched a Group-wide Management Trainee Program in 2017, which involves multi-discipline training for selected employees, reinforcing our commitment to the professional development of our workforce. We continue to invest in training program for all employees to further enhance competencies in order to execute the Group’s projects skillfully.

At GFM, we uphold the highest standards of corporate governance when conducting business. To this end, we created a “Whistleblower Hotline” for our employees, vendors and partners to report potential unethical activities should they be encountered. All reports will be treated utmost in strict confidence.

More information on the Group’s sustainability efforts are outlined in the Sustainability Report of this Report.

Anticipated Risks

GFM is aware of the risks associated with the reliance on major contracts. To mitigate this risk, we are working towards a balanced clientele portfolio by diversifying our revenue streams. We are pleased to say that as at end - 2017 we have managed to lessen the dependency on government contracts as we managed to secure more contracts from the private sector.

Although the facilities management outsourcing market is growing, there is still relatively low awareness amongst potential clients especially in the private sector. GFM is constantly working on outlining the benefits of engaging facilities management service providers, by increasing our engagement and marketing initiatives with facility owners and the public.

In the spirit of affectiveness GFM relies on the service quality of sub-contractors to carry out certain services; especially soft services such as landscaping, security management and janitorial services. The Group has a panel of dedicated sub-contractors selected based on their past performance in service delivery and reliability. We constantly measure work performance on-site through internal and external quality audits and conduct customer satisfaction surveys periodically.

Acknowledgement

I would like to take this opportunity to express my gratitude to the Board for their wise council in leading the Group. My sincerest appreciation is also extended to GFM’s management and employees for their devotion and contribution throughout the year. Last but not least, I would like to thank our shareholders for their continued support and confidence in the Group.

RUSLAN BIN NORDIN
Group Managing Director

We are aware that having a committed and skilled workforce is key to delivering quality service to our clients. In 2017, the Group refreshed a leadership framework “Genesis 2.0” to promote a culture of continuous learning and to improve leadership skills across the Group.

Board of Director's Profile

Zainal Arifin Bin Khalid
Independent Non-Executive Director

Ashok Virendra Shah
Independent Non-Executive Director

Zainal Bin Amir
Executive Director

Ruslan Bin Nordin
Group Managing Director

Abdul Rahim Bin Abdul Hamid
Chairman, Independent Non-Executive Director

Yong Hee Kong
Independent Non-Executive Director

Mohammad Shahrizal Bin Mohammad Idris
Executive Director

Abdul Rahim Bin Abdul Hamid
Chairman, Independent Non-Executive Director

Nationality: Malaysian
Date of Appointment: 18 October 2016
Length of Service: 20 months
Date of Last Re-election: 23 May 2017
Age: 68
Gender: Male

Membership of Board Committees:
Chairman, Board of Directors
Audit Committee

Academic / Professional Qualifications:
Fellow of Association of Chartered Certified Accountants (FCCA)

Member of the Malaysian Institute of Certified Public Accountants

Working Experience:
He started his career in Coopers & Lybrand (Previously known as Cooper Brothers & Co) as Audit Assistant in 1971. He rose in the firm to eventually become its Managing Partner in 1993. Upon the firm merging with Price Waterhouse in 1998, he assumed the position of Deputy Executive Chairman of PricewaterhouseCoopers until he retired in June 2004.

Present Directorship(s) In Listed Entity:
Petra Energy Berhad
Encorp Berhad
Ire-Tex Corporation Berhad
Aeon Co (M) Berhad

Zainal Arifin Bin Khalid
Independent Non-Executive Director

Nationality: Malaysian
Date of Appointment: 18 October 2016
Length of Service: 20 months
Date of Last Re-election: 23 May 2017
Age: 60
Gender: Male

Membership of Board Committees:
Chairman, Nomination and Remuneration Committee (NRC)

Academic / Professional Qualifications:
Master of Science degree, University of Kentucky, United States

Bachelor of Arts degree, California State University Chico, United States

Working Experience:
He has approximately 36 years of working experience in education, fast moving consumer goods, IT, management consulting and leadership development. His previous employments include Malaysian Tobacco Company Bhd (1983-1996: Head of IT South East Asia and Head of BAT Asia Pacific Data Centre), British American Tobacco (UK & Export) Ltd (1998-2000: Country Manager) and British American Tobacco Malaysia Berhad (2000-2008: IT Director). In 2009, he was appointed as a director for NBO Leadership Sdn Bhd, a strategic transformation leadership development company.

Ruslan Bin Nordin
Group Managing Director

Nationality: Malaysian
Date of Appointment: 18 October 2016
Length of Service: 20 months
Date of Last Re-election: 23 May 2017
Age: 58
Gender: Male

Membership of Board Committees: None

Academic / Professional Qualifications:
Bachelor of Engineering (Electrical & Electronic)
Plymouth Polytechnic, United Kingdom

Diploma in Electrical Engineering,
Universiti Teknologi Malaysia

Working Experience:
He has more than 30 years of working experience in engineering, project management, marketing and facilities management. His previous employments include the Lembaga Letrik Negara, ABB Sdn Bhd, Mobil Oil Malaysia Sdn Bhd (1991 to 1992: Territory Manager) and Propel-Johnson Controls Sdn Bhd (Division Manager, Commercial Division) before founding GFM.

Zainal Bin Amir
Executive Director

Nationality: Malaysian
Date of Appointment: 18 October 2016
Length of Service: 20 months
Date of Last Re-election: 23 May 2017
Age: 58
Gender: Male

Membership of Board Committees: None

Academic / Professional Qualifications:
Bachelor of Science in Mechanical Engineering, Sunderland University United Kingdom

Working Experience:
He has more than 30 years of working experience in mechanical engineering and project management. His previous employments include Malaysian Tobacco Company Bhd (Engineering Manager) and Mechanalysis Sdn Bhd (1998 to 2001: General Manager) before joining GFM as Business Development Director.

Yong Hee Kong
Independent Non-Executive Director

Nationality: Malaysian
Date of Appointment: 18 October 2016
Length of Service: 20 months
Date of Last Re-election: 23 May 2017
Age: 60
Gender: Male

Membership of Board Committees:
Nomination and Remuneration Committee (NRC)
Audit Committee

Academic / Professional Qualifications:
Diploma in Islamic Studies International Islamic University, Malaysia

Members of Institute of Chartered Accountants of England and Wales (ICAEW)

Bachelor of Engineering (Hons) (Civil and Structural Engineering) University of Bradford, England

Masters in Business Admin (UK)

Working Experience:
He has approximately 25 years of working experience in corporate finance, business development and consultancy. His previous employments include Deloitte, Haskins and Sells, Leeds, United Kingdom (1981 to 1988: Manager), BDO Binder Hamlyn, England (1990 to 1991: Corporate Finance Senior Manager), PricewaterhouseCoopers Malaysia (previously known as Price Waterhouse) (1991 to 1996: Corporate Finance Director-in-Charge of Privatisation), Amsteel Capital Holdings Sdn Bhd (1996 to 1998: Head, Regional Corporate Finance) and Bintai Kinden Corporation Berhad (1998 to 2005: Vice President (Business Development/Special Projects)/Director).

Ashok Virendra Shah
Independent Non-Executive Director

Nationality: Singaporean
Date of Appointment: 18 October 2016
Length of Service: 20 months
Date of Last Re-election: 23 May 2017
Age: 66
Gender: Male

Membership of Board Committees:
Chairman, Audit Committee
Nomination and Remuneration Committee (NRC)

Academic / Professional Qualifications:
Member of Chartered Accountants of India
Member of the Malaysian Institute of Accountants

Fellow Member of Singapore Society of Accountants
Bachelor of Commerce (Hons) from Bombay University, India

Working Experience:
He has more than 30 years of working experience with engineering service companies in the oilfield and healthcare sectors. His previous employments include Brown & Root (1982 to 1986: Initially as Management Auditor for the Far East Operations and subsequently as Finance Manager), Schlumberger Group-Sedco Forex (1986 to 1993: Legal Accounting and Joint Ventures Manager), Schlumberger Group-Dowell Schlumberger (1986 to 1993: Chief Accountant), SSP Medical Technologies Sdn Bhd (1995 to 2002: Managing Director), Healthtronics (M) Sdn Bhd (2002 to 2007: Chief Executive Officer) and Faber Group Berhad (2008 to 2011: Senior General Manager).

Mohamad Shahrizal Bin Mohamad Idris
Executive Director

Nationality: Malaysian
Date of Appointment: 18 October 2016
Length of Service: 20 months
Date of Last Re-election: 23 May 2017
Age: 48
Gender: Male

Membership of Board Committees: None

Academic / Professional Qualifications:
Master of Science in FM, Universiti Teknologi Malaysia

Bachelor of Engineering (Honours) in Mechanical Engineering, Universiti Teknologi Malaysia

Working Experience:
He has approximately 21 years of working experience in engineering and FM. His previous employments include GrahaTech Resources Sdn Bhd and Mechanalysis Sdn Bhd (1998 to 2001: Manager-Engineering Services, 2001: Senior Manager-Operation and Maintenance) before joining GFM as Operations Director.

Management Team Profile

1. **Mahput Sairan**
   Head of Innovation & Management System, Global Facilities Management Sdn Bhd

2. **Zainal Bin Amir**
   Executive Director, GFM Services Berhad

4. **Hafizah Zakaria**
   Head of Corporate Resources, GFM Services Berhad

3. **Ezran Hashim**
   Chief Operating Officer, GFM Solutions Sdn. Bhd.

5. **Mohammad Shahrizal Bin Mohammad Idris**
   Executive Director GFM Services Berhad

6. **Mirza Safri Sufian**
   Head of Business Development, GFM Solutions Sdn Bhd

7. **Ruslan Bin Nordin**
   Group Managing Director GFM Services Berhad

9. **Abdul Haffis Karim**
   Head of Operations, Global Facilities Management Sdn Bhd

8. **Jeffery Bin Mohamad Akhir**
   Group Chief Operating Officer, GFM Services Berhad

10. **Mohamed Izmi Md Said**
    Chief Executive Officer, GFM Solutions Sdn Bhd

Jeffery Mohamad Akhir
Group Chief Operating Officer,
GFM Services Berhad

Nationality: Malaysian
Age: 44
Gender: Male

Jeffery Bin Mohamad Akhir is the Chief Operating Officer of the Group. He received his Bachelor's Degree in Accountancy from Charles Sturt University, New South Wales, Australia. He has approximately 15 years of working experience in finance, accounting, commercial and procurement. His previous employment includes Senior Business Analysis in Dun & Bradstreet Corporation (May 1998 to September 2003), Business Controller in Iltizam Tuah Sdn Bhd (December 2003 to December 2007), Finance Manager in Digicert Sdn Bhd, a subsidiary company of Pos Malaysia Berhad (January 2008 to January 2011), the Head of Finance of UGL Qatar, a subsidiary company of UGL Australia (February 2011 to August 2014) and the Head of Finance of DRB-HICOM Berhad (September 2014 to May 2016).

He joined GFM in June 2016 as Group Chief Financial Officer where he has overseen the finance operations of the Group with responsibility for all of the financial reporting, statement of financial position management, tax and investment banking of the company.

Abdul Haffis Karim
Head of Operations,
Global Facilities Management Sdn Bhd

Nationality: Malaysian
Age: 53
Gender: Male

Abdul Haffis Karim is Head of Operations. He graduated from Wichita State University, Kansas, the United States of America, with a Bachelor's Degree in Aeronautical Engineering. His exposure to the industry based on his experience at Sony (M) Sdn Bhd has provided him seven years of familiarity to refine his technical skills and business knowledge about FM. Since joining GFM in 2009, he has served as Head of Operations, overseeing the technical and business operations of the Group. He has overall responsibility for setting strategy, driving execution and creating best practices that provide supports to the customers of the Group. His accumulated knowledge was vital to the operations of the Group.

Hafizah Zakaria
Head of Corporate Resources
GFM Services Berhad

Nationality: Malaysian
Age: 47
Gender: Female

Hafizah Binti Zakaria is the Head of Corporate Resources of the Group. She received her Bachelor's Degree in Accounting from University of Malaya. A Chartered Accountant by profession and a member of the Malaysian Institute of Accountants in 2000 after being certified by the Malaysian Institute of Accountant. Prior to joining GFM, she had a stint as a Senior Auditor for Azman, Wong, Salleh & Co. and Salleh, Leong, Azlan & Co.

She joined GFM in 2002 as a manager for Finance and Administration Department where she has overseen GFM Group's finance operations with responsibility for all of the company's financial reporting, statement of financial position management, tax and investment banking. In 2008, she was promoted to Head of Finance and subsequently to Financial Controller in 2012 to provide leadership in planning and coordination of the Group's financial and administrative activities. She assumed the role of Head of Corporate Resources to oversee and coordinate of the Group's human resource activities in March 2017.

Ezran Bin Hashim
Chief Operating Officer
GFM Solutions Sdn Bhd

Nationality: Malaysian
Age: 48
Gender: Male

Ezran Bin Hashim is the Chief Operating Officer of GFM Solutions. He graduated with a Bachelor's Degree in Mechanical Engineering from Cambridge University.

He began his career in the FM industry as a facility manager for GFM in 2002. From 2002 to 2005, he was tasked with the provision of IFM services for a government complex in Putrajaya. From 2005 to 2007, he led a team of personnel and contractors to provide IFM services for the main campus of an international university in Gombak.

Presently he is the Chief Operating Officer of GFM Solutions, the consultancy arm of the Group. His responsibilities include promoting the Group in the provision of IFM Advisory services and the relationship management of the partners and customers of the Group.

Mohamed Izmi Md. Said
Chief Executive Officer,
GFM Solutions Sdn Bhd

Nationality: Malaysian
Age: 60
Gender: Male

Mohamed Izmi Md. Said joined on 5 May 2011 as Head of Sales for the Group. His current position is the Chief Executive Officer for GFM Solutions Sdn Bhd. He holds a Bachelor of Business Administration (Major in Marketing) degree received from Universiti Kebangsaan Malaysia.

Prior to joining GFM, he was the Executive Vice President at a leading IT systems integration company providing a multiple array of solutions across the government departments and ministries. He has over twenty seven years of IT industry experience in sales and marketing, managing project delivery and maintenance support.

As the Chief Executive Officer of GFM Solutions Sdn Bhd, he is responsible for driving the growth of the GFM Group and continued market leadership by delivering and supporting the full range of services and solutions by the Group to organisations. As part of this mission, he focuses on extending the presence of the Group and further enabling the success of sales force of the Group.

Mahput Bin Sairan
Head of Innovation & Management System,
Global Facilities Management Sdn Bhd

Nationality: Malaysian
Age: 46
Gender: Male

Mahput Bin Sairan joined GFM in 2003 as a Business Process Manager, rising to his current position as the Head of Innovations and Management Systems for the Group in May 2008. He has a Bachelor of Engineering (Chemicals) degree from the Royal Melbourne Institute of Technology (RMIT), Australia. He is also a certified Quality Management System Auditor/Senior Auditor (IATCA) and certified Lead Auditor and Internal Auditor (IRCA).

Presently, he oversees the quality programs and strategic continual improvement initiatives of the Group and was instrumental in helping the Group achieve the world class quality and reliable systems that earned numerous customer quality awards and certification namely the Integrated Management System (IMS).

Mirza Safri Sufian
Head of Business Development,
GFM Solutions Sdn Bhd

Nationality: Malaysian
Age: 58
Gender: Male

Mirza Safri Bin Sufian is the Head of Business Development of GFM Solutions Sdn Bhd. He received his Bachelor's Degree in Computer Science from University Kebangsaan Malaysia and Masters of Business Administration from Ohio University, USA. He has approximately 30 years of working experience in Sales, Business Development and ICT. His previous employment includes Chief Executive Officer in UKM Pakarunding Sdn Bhd (April 2010 – Oct 2016), Business Director, ICT (May 2008 – Mar 2010) in Efogen Sdn Bhd, Sales Director, Public Sector in NetApp Malaysia (Apr 2007 – Apr 2008), Sales Director, Public Sector Partners in Hewlett – Packard Malaysia (HP Malaysia) (Oct 2004 – Mar 2007) amongst others.

He joined GFM in Oct 2017 as Head of Business Development where he oversees the business development activities for the Group.

Sustainability Report

Sustainability Policy

This policy sets out requirements for sustainability across GFM Services Berhad and entities it controls ("the GFM Group"). Sustainability is the integration of economic, environmental and social factors into decision making to maximize short and long term shareholder value, seek competitive advantage, and contribute to safe and healthy employees, communities and ecosystems.

This Policy should be read in conjunction with the GFM Group Code of Conduct, the Procurement, the Occupational Health and Safety policies, and the Ace Market Listing Requirement of Bursa Malaysia.

This Policy applies to all employees of the GFM Group, and third parties engaged by the GFM Group, including alliances and joint ventures in all jurisdictions.

Any employee of the GFM Group found to have breached this Policy may be subjected to disciplinary action.

The objectives of this Sustainability Policy are to:

- Focus the GFM Group's efforts on managing sustainability risks and opportunities, enhancing business performance and supporting the long-term interests of the GFM Group;
- Promote a culture of accountability for sustainability outcomes and improve the sustainability knowledge and skills of employees;
- Integrate consideration of environmentally and socially responsible sourcing and governance factors into the GFM Group's operating and procurement processes, and seek opportunities to collaborate with supply chain to drive innovation and create mutual value;
- Drive the efficient use of resources and continues innovation in the delivery of projects;
- Support the adoption and delivery of appropriate industry rating schemes and standards that drive sustainability outcomes for clients;
- Encourage initiatives and successfully deliver projects that meet client expectations, provide value for money, and leave net positive legacies for the GFM Group, our clients, users, the environment and communities; and
- Enhance the GFM Group's resilience to climate change.

GOVERNANCE

The GFM Group will abide by the principles of the Bursa Malaysia Sustainability Reporting Guide as well as the Global Reporting Initiative (GRI) Guidelines.

The GFM Sustainability Committee (GFMSC) assists the Board in fulfilling its governance and oversight responsibilities in sustainability.

GFM will coordinate and support the Operating Companies to develop tailored sustainability strategies and implement initiatives that help to achieve the GFM Group's commitments and objectives. GFM Group will facilitate sustainability knowledge sharing across the GFM Group to encourage innovation, mitigate risk, drive competitive advantage and create shareholder value.

Operating Companies are responsible for meeting their contractual and compliance obligations regarding the operational aspects of sustainability such as project delivery, health, safety, people development, environment, community relations, procurement, risk, governance and ethical behaviour, within the GFM Group's governance framework.

REPORTING

GFM Group will coordinate the annual publication of the Sustainability Report aligned with the Ace Market Listing Requirements. The GFMSC prepares and reviews the Sustainability Report and any sustainability disclosures in the Annual Report for the Board to approve.

GFM Group will participate in recognised sustainability surveys, which include the ACCA's Malaysia Sustainability Awards (MASRA) and the FTSE4Good Bursa Malaysia Index, to promote the GFM Group's reputation as an industry leader in the sustainable delivery of facility management projects and services.

The Operating Companies are responsible for:

- Internal reporting of operational health, safety, environment and community related initiatives and performance information to GFM Group management.
- The provision of sustainability data and information to GFM Group to inform corporate sustainability reporting requirements, and to support the submission of sustainability surveys as required by GFM Group; and
- Direct external reporting to meet legislative obligations where appropriate.

GFM Group will regularly review Operating Company strategies, reporting and performance to ensure they demonstrate compliance with all legislative requirements and support continuous improvement in sustainability and business performance.

Sustainability Statement

GFM Services Berhad and its controlling entities ("The GFM Group") is a leading Facilities Management company with diversified and extensive facilities management capabilities. We are involved in various stages of the facilities management environment and sustainability is a key priority for our business.

We aim to lead the industry by promoting best sustainable practices and exceeding guidance set out by government and regulatory bodies. This policy reflects our commitment to ensuring that sustainability is paramount to all activities in our business. It will be delivered through our 2020 Sustainability Strategy, other supporting policies and five positive outcomes as follows.

- Provide safe, supportive and positive workplaces for employees
- Act with integrity, honestly and respectfully, in all relationships with stakeholders
- Develop a performance and collaborative culture where engaged employees are aligned to achieve superior performance and integrate governance, economic, environmental and social considerations into day-to-day roles
- Seek competitive advantage by innovating to service delivery that satisfy the governance, economic, environmental and social needs of clients
- Use resources efficiently, minimise waste and promote the delivery of energy efficient, environmentally and socially responsible projects

The GFM Group commitments are derived from, and based on, the principles of our Code of Ethics and Code of Conduct. The Principles and our commitments uphold our mission which is to maximise long-term value for shareholders by sustainably delivering projects for clients while providing safe, rewarding and fulfilling careers.

Sustainability Reporting

GFM Group aim to lead the industry by promoting best sustainable practice and exceeding guidance set out by government and regulatory bodies. This policy reflects our commitment to ensuring that sustainability is paramount to all activities in our business. It will be delivered through our 2020 Sustainability Strategy, other supporting policies and five positive outcomes as follows.

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The GFM Group commitments are derived from, and based on, our principles of our Code of Ethics and Conduct. The Principles and our commitments uphold our mission which is to maximise long-term value for shareholders by sustainably delivering projects for clients while providing safe, rewarding and fulfilling careers.

Reporting Approach

The reporting approach is to demonstrate the GFM Group commitment to operate its businesses sustainably and reporting on its economic, environmental and social (EES) performance and progress aligned with the Bursa Listing Requirement and the Global Reporting Initiative ('GRI') standards. The Sustainability Report is integrated into our Annual Report will replace the Corporate Social Responsibility (CSR) section. It demonstrates GFM Group commitment and how we embed sustainability in our business.

It is aimed to generate reliable, relevant and standardised information with which stakeholders can assess EES opportunities and risks, and enable more informed decision-making relating to the business, internally and externally.

Reporting Scope

The sustainability report scope shall be of 12-month period ending 31 December 2017. The scope of this report covers GFM Services Berhad and its controlling entities which include:

- `Global Facilities Management Sdn Bhd
- Everfine FMS Sdn Bhd
- GFM Solutions Sdn Bhd

Availability of Information

The GFM Group, based on the GRI Sustainability Reporting Standards, ensure information presented are measurable and comparable, balanced and meaningful.

External Assurance

The report, prepared using the GRI Sustainability Reporting Standards. Our intention is to continually improve our disclosure and engagement to achieve fully-compliant GRI reporting standards by the year 2020.

MATERIAL SUSTAINABILITY DRIVERS

Defining Material Sustainability Drivers

The GFM Group conducted a materiality assessment to identify and confirm the important potential economic, environmental and social (EES) issues that could affect the business, both positively and negatively. The process built on the assessment involved a series of interviews with senior management from across the Group, assessment of media reports about the GFM Group, reviews of clients and peers' sustainability reports, and reference to recent sustainability reporting submissions such as the ACCA MASRA 2016 reviews, FTSE4Good Bursa Malaysia Index and the Bursa Sustainability Guideline case studies.

The topics and themes identified from these sources were assessed and a shortlist of 30 potential material issues which formed the basis of a survey was identified. The survey was then sent to a selection of stakeholders identified. These included:

- Senior managers from across the GFM Group and employees with operational responsibility for sustainability-related functions;
- Managers representing major GFM Group clienteles;
- Managers representing the GFM Group's major equity investors and financiers.

The GFM Group intention is to extend our engagement to other stakeholders as we progress on the sustainability journey. A desktop review of our major client's sustainability issues was also undertaken and cross-checked against the results.

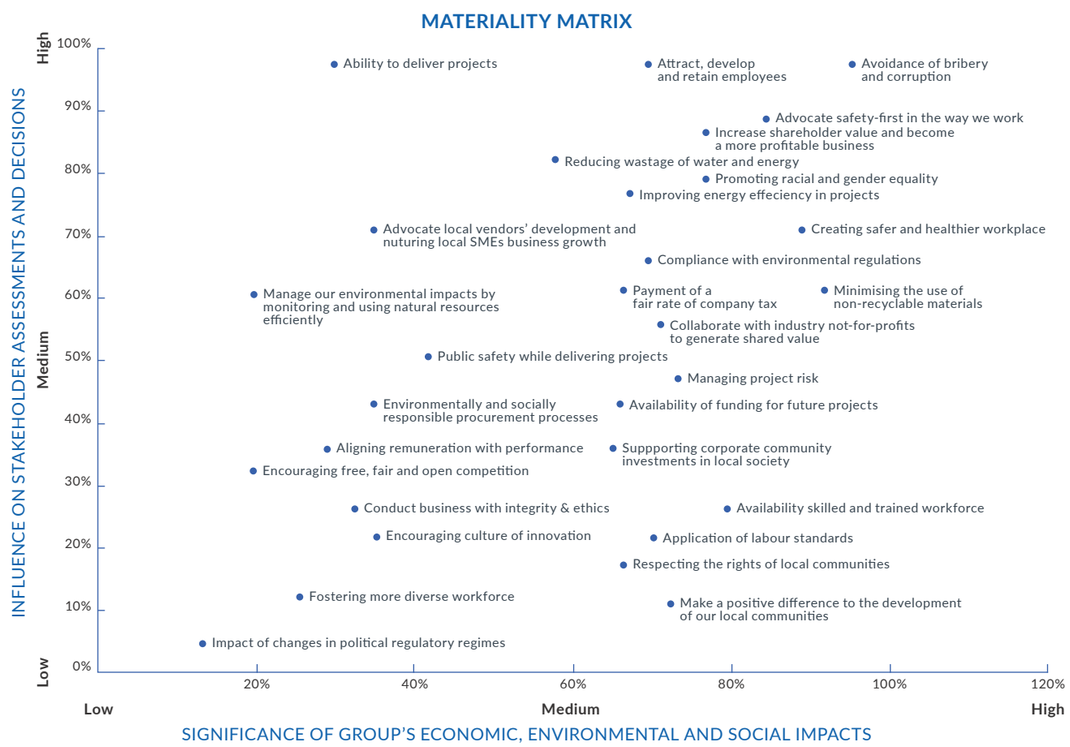
Respondents were asked to prioritise the 30 identified potential material issues which were structured using GRI Guidelines (Economic, Environmental and Social including labour practices, human rights, society, product responsibility) to rank, on a percentile scale, their:

1. Importance in their assessment of, and decision regarding, the GFM Group; and
2. Current or potential impact in terms of revenue, costs, investments or risk, on the medium and long-term success of the GFM Group.

The 30-identified material sustainability drivers, and their ranking in terms of both importance and impact, were:

Item	Material sustainability drivers and ranking	ESS Grouping
1	Ensuring the safety of public while delivering projects	Social
2	Avoidance of all form of bribery and corruption including facilitation payments	Social
3	Ensuring legal compliance with all environmental regulations and avoiding reputational liabilities	Environmental
4	Creating safer and healthier workplace for the well-being of employees and all those in the GFM Group's care	Social
5	GFM Group's ability to deliver projects that meet the needs of its clients	Economic
6	Managing risk across a diverse and complex range of projects	Governance
7	Attracting, developing and retaining employees to meet the evolving needs of the business	Social
8	Availability of a skilled and trained workforce that can deliver projects and manage the business	Social
9	Availability of funding for future projects	Economic
10	Application of appropriate labour standards where people are treated fairly and with respect	Social
11	Encouraging free, fair and open competition, and complying with all applicable competition laws	Governance
12	Aligning remuneration with performance to encourage and reward the creation of shareholder value	Governance
13	Encouraging culture of innovation where people are continually looking for new and better ways of doing things	Social
14	Respecting the rights of local communities when delivering projects	Social
15	Impact of changes in local and regional political or regulatory regimes that may impact business development and project delivery	Governance
16	Payment of a fair rate of company tax and disclosure of the payments made	Governance
17	Promoting racial, religious and gender equality in remuneration and promotion decisions	Social
18	Reducing the consumption and wastage of water and energy	Environmental
19	Fostering a more diverse workforce that reflects the community	Social
20	Ensuring environmentally and socially responsible sourcing and governance factors are integrated into procurement processes	Governance
21	Improving energy efficiency on projects, in the supply chain and in corporate activities	Environmental
22	Minimising the use of non-recyclable materials and working with the supply chain to reduce environmental impacts	Environmental
23	Supporting corporate community investments (i.e.: sponsorship, donations and corporate partnerships) in local society	Social
24	Collaborating with industry not-for-profits to generate shared value	Governance
25	Conduct business with integrity and ethics in accordance with our corporate creed to deliver our goals	Governance
26	Increase shareholder value and become a more profitable business that people want to work for and with, as employees, vendors and related stakeholders	Economic
27	Advocate local vendors' development and nurturing local SMEs business growth. We encourage procurement best practices towards our supply-chain and directly create value in their business practices	Economic
28	Manage our environmental impacts by monitoring and using natural resources efficiently, sourcing responsibly and reducing waste and by helping our customers do the same	Environmental
29	Make a positive difference to the development of our local communities, enabling them to thrive and prosper, with a clear impact in areas such as employment, skills, training, local community-based initiatives and improvements to local environments	Social
30	Advocate safety-first in the way we work and conduct our business activities	Social

26 responses were received from those 100 surveyed. The results of this survey are summarised in the chart below with the 10 most important and highest impact responses (of the 30 identified material sustainability drivers) plotted, based on their ratings.



AGENDA 1–PROVIDING SAFE, SUPPORTIVE AND POSITIVE WORKPLACES FOR EMPLOYEES

Safety underpins everything we do. A business that depends on its people must provide a safe and healthy workplace by performing work safely, encouraging workers to identify and fix workplace hazards, and by promoting mental health and physical health to our workers.

The GFM Group promotes, across all its Operating Companies, a culture of sharing safety innovation, best practices and learning. The GFM Group is committed to driving safety through simplification of safety systems, and the identification and elimination of risks through the creation of evidence-based lead indicators that drive key safety behaviours and outcomes.

The GFM Group's approach is that we take responsibility for everyone on our projects, which includes employees, sub-contractors or the end-users. We treat all workers on our sites equally, irrespective of their role. The GFM Group and its Operating Companies recognise that all workers on site are in our care.

Performance	2017	2016
Loss Time Injuries (LTI)	**nil**	nil
Loss Time Injury Frequency Rate (LTIFR)	**nil**	nil

The Group recorded zero number of both Lost Time Injuries (LTI's) and the Lost Time Injury Frequency Rate (LTIFR) during the reported period.

Performance	2017	2016
Total Recordable Injuries (TRI)	**nil**	nil
Total Recordable Injury Frequency Rate (TRIFR)	**nil**	nil
Medically Treated Injuries (MTI)	**nil**	nil

Compliance

For the Year 2017, there were no material incidents of non-compliance with the Malaysian National Institute of Occupational Safety and Health (NIOSH).

Outlook and Future Plans

We are committed to our people returning home safely at the end of a day's work. In 2018, we plan to:

1. focus on reducing the occurrence of LTIs, TRIs and MTIs through:
   a. ensuring each past incident is effectively investigated
   b. putting in place internal controls to ensure that similar incidents do not occur across the GFM Group
   c. reviewing the controls put in place in response to Medically Treated Injuries to measure their effectiveness
2. continue to drive down our TRIFR and LTIFR.
3. consolidate and simplify our safety systems across the GFM Group.
4. develop and improve on evidence-based lead indicators.

AGENDA 2–ACT WITH INTEGRITY, HONESTLY & RESPECTFULLY WITH VARIOUS STAKEHOLDERS

Measures in place	Actions during 2017	Performance
Code of Ethics and Code of Conduct available to all employees	• Refreshed Codes aligned with Bursa Listing Requirement • Refresh Procurement Policy which integrates sustainability aspects	500 people acknowledged having read the refreshed Code of Ethics and Code of Conduct and the Whistleblowers' policy
Group-wide Whistleblowing Hotline made available for reporting	Continued to communicate Policy to employees and maintained focus on spreading awareness	No calls made to the Whistleblower Hotline as at 31 December 2017
Leadership development and succession planning program in place	Held executive leadership sessions with a focus on 'leading with principle' reinforcing our principles in action	Attendance of all High Potentials executive leadership teams
Continuous Disclosure Policy in place	Investor Relations and Communications Policy developed aligned with Bursa Listing Requirement	No breaches of continuous disclosure reported by Bursa Malaysia on GFM Services Berhad and its' businesses

Avoiding Bribery and Corruption

The GFM Group prohibits, and has zero tolerance for, all forms of bribery and corruption. Our people must obey all relevant laws and regulations, and must not participate in any arrangement which gives any person an improper benefit or an unfair advantage to any party, directly or through an intermediary. This includes facilitation payments (payments of cash or in kind made to secure or expedite a routine service, or to 'facilitate' a routine Government action), even if allowed under the Malaysian laws.

Prevention of bribery and corruption relies on the following key factors:

- promotion of ethical culture of integrity and accountability;
- management accountability;
- effective employee recruitment procedures;
- on-going training and awareness and enforcement;
- carrying out periodic risk assessments; and
- strong internal control systems which includes a robust whistle-blower policy.

Monitoring and Whistleblower

The GFM Group provides the 'Whistleblower Hotline', a confidential way for employees, vendors, sub-contractors and partners to voice their concerns should they come across potentially unethical practices.

Performance	2017	2016
Calls received by Whistleblower Hotline	nil	n/a
Total calls/complaints closed	nil	n/a
Total calls/complaints open	nil	n/a

All reports made to the Whistleblower Hotline are treated confidentially. Matters can be reported to the Hotline via phone and/or email.

Compliance

For the Year 2017, there were no material incidents of non-compliance with regulations and/or voluntary codes.

Procurement, Supply-chain and Local Suppliers

Our Operating Companies aim to build sustainable supply chains, relevant to their focused businesses. The major elements of the GFM Group's supply chain are OEM specialised subcontractors and general sub-contractors (such as electrical, mechanical, civil, HVAC, cleaning and other trade). We seek to minimise environmental impact by working with our suppliers to identify measures to improve the efficient use of related resources.

Performance	2017	2016
Total Vendors	825	667
Total Local Vendors (%)	98%	98%
Total Multinational Vendors (%)	2%	2%

In 2017, GFM Group refreshed its Procurement Policy which applies to all project related and corporate procurement of the GFM Group and its controlling entities. The updated Policy aligns with our Code of Conduct and will play a key role in supporting project delivery, cost control, sustainability and financial performance.

Locally sourced goods and services support local employment, boost regional economic growth and create upskilling opportunities. In some cases, purchasing locally made products and services can minimise transport costs and reduce energy consumption.

Community Engagement

The objectives of the GFM Sustainability Policy, issued in 2017 include amongst other things, encouraging initiatives and successfully delivering projects that meet client expectations, provide value for money, and leave net positive legacies for the GFM Group, our clients, users, the environment and communities. We work with relevant community stakeholders, especially those most affected by our operations, and seek to identify and address their concerns and expectations, which include employment opportunities for the local communities.

Performance	2017	2016
Total Operational Employment[1]	484	425
Total Local Employment[2]	260	261

[1] Operational Employment refers to on-site employment of GFM Operating Companies
[2] Local Employment refers to employment of people within 25km radius of work-site

Compliance

The GFM Group has not identified any incidents of violations involving the human rights and industrial relations during the reporting period.

Outlook and Future Plans

We are committed to acting with integrity and doing the right thing, regardless of where we operate. In 2018, we plan to:

- Continue to reinforce the Code through roadshows and presentations;
- Maintain our focus on training for all employees;
- Incorporate more detailed stakeholder engagement reporting into monthly reports;
- Identify and enable full, fair and reasonable opportunities for local suppliers across all projects;
- Continue to engage with our stakeholders to identify risk and to minimise impacts on local communities.

AGENDA 3–DEVELOP A PERFORMANCE AND COLLABORATIVE CULTURE

Measures in place	Actions during 2017	Performance
Professional Development Policy and culture of developing leadership capability and skills	Redeveloped the Group-wide leadership framework and program 'Genesis 2.0'	Conducted sessions for high potential leaders to set expectations and align behaviours around the Code of Ethics and Code of Conduct
Comprehensive learning and development plans in place across the Group	Launched Group-wide Management Trainee program	5 local trainees were selected out of 100 applicants in 2017 to undergo Group-wide multi-discipline training
Health and Safety Policy and procedures in place to apply appropriate labour standards	Group-wide continuous engagement on health and safety and review of existing policies	24 sessions were conducted involving 300 operational people in various sites in 2017
Employee value proposition that aims to provide safe, rewarding and fulfilling careers for our people	Continued engagement with employees on a regular basis	This is an ongoing activity
Providing safe and fulfilling careers	Relocating the Group HQ to Melawati Corporate Centre	Minimal impact to productivity and safety of employees

Attracting, Developing and Retaining Employees

To maintain our position as a leader in the industry in which we operate, we must ensure that the knowledge and competency of our people continuously grow. To do this we identify skill gaps, train and develop our people, and share knowledge across the GFM Group. By doing so we are able to improve employee attraction, retention and engagement which ensures we have the skills to execute on our strategy.

Performance	2017	2016
Total Employment	526	467
Total Operational Employment[1]	484	425
Total Local Employment[2]	260	261

[1] Operational Employment refers to on-site employment of GFM Operating Companies
[2] Local Employment refers to employment of people within 25km radius of work-site

Our Approach

As a service organisation, our success is dependent on the quality of our service which is driven largely by the skills, passion and expertise of our people. The GFM Group's workforce is project-focused, committed to the achievement of high quality standards, and gains satisfaction from meeting or beating targets. The GFM Group places considerable emphasis on leadership, responsibility and accountability, and is committed to developing the individual skills and career paths of its employees.

Workforce Composition (%)	Male	Female	Total
Permanent	14.4%	11.1%	13.9%
Contractual	85.4%	88.9%	85.9%
Part-time	0.2%	nil	0.2%
Total	**445**	**81**	**526**

Developing our people and leadership are critical to our success. In 2017, the GFM Group redeveloped 'Genesis 2.0' which is a refreshed Group wide leadership framework and program which will be utilised to consistently build our leadership capability across the GFM Group.

Attracting talent is critical to building our future workforce. In 2017, the GFM Group launched a new Management Trainee program.

In 2018, we plan a Group-wide 'Capability Framework' to be developed which is designed to deliver consistent training for core capabilities that are a priority for our business. We invest in training that supports our business requirements and the development of our employees. Each of our Operating Companies conducts regular skills-based training and programs, such as technical and vocational training, and health and safety programs, to support our business requirements. In 2017, across the GFM Group we delivered 4,000 hours of training which equates to more than 8 hours per annum for each direct employee.

Gender Composition (%)	Male	Female	Total
GFM Services Berhad	0.2%	1.2%	0.4%
Global Facilities Management Sdn Bhd	88.8%	93.8%	89.5%
Everfine FMS Sdn Bhd	9.0%	3.7%	8.2%
GFM Solutions Sdn Bhd	2.0%	1.2%	1.9%
Total	**445**	**81**	**526**

Given the relatively short term duration of many of the GFM Group's projects and the fixed-term employment model of project employees, the turnover rate of our employees are as follows:

Voluntary and involuntary departures	Overall	Male	Female
GFM Services Berhad	nil	nil	nil
Global Facilities Management Sdn Bhd	75	73	2
Everfine FMS Sdn Bhd	3	nil	3
GFM Solutions Sdn Bhd	nil	nil	nil

While the average tenure of our people is 3.1 years, the GFM Group has many experienced and long serving employees. The GFM Group's management, which includes key operational, generally enjoy a substantially longer tenure. We recognise and reward the hard work and loyalty of our employees and understand that this is an important and effective motivator for retention.

Length of service (%)	Male	Female	Total
Less than one year	19.6%	34.6%	21.9%
Greater than or equal to 1 year and less than 5 years	47.9%	50.6%	48.3%
Greater than or equal to 5 years and less than 10 years	24.0%	13.6%	22.4%
Greater than or equal to 10 years and less than 15 years	4.5%	nil	3.8%
Greater than or equal to 15 year and beyond	4.0%	1.2%	3.6%
Total	**445**	**81**	**526**

In order to improve employee attraction, encourage diversity and retention, the GFM Group continues to implement regular employee engagement sessions at regional level to share business updates and receive input and feedback from the grassroots level.

People Engagement

To engage our workforce and deliver consistent messaging and communication, the GFM Group is planning to launch the GFM Group's first new internal digital newsletter – "The GFMers", in 2018. Bringing news to our employees across more than 25 projects, The GFMers is about the sharing of ideas and information by our people and our companies. The newsletter is an important initiative in creating a unified culture across the GFM Group.

Performance Management and Aligning Remuneration

GFM Group believes that people perform best when they have clearly defined goals and when they are empowered to operate and are held accountable for delivering. This assists us to foster a culture of high performance.

Each of our Operating Companies has a framework for managing the performance of its people. Skill mapping against role requirements is used to identify gaps in capability and consistently and equitably assess employee performance. Regular performance reviews for all staff facilitates the transparent discussion of employee achievement against key performance indicators and expectations.

Fostering a Diverse Workforce

Employing a diverse range of people is important to the GFM Group. It promotes diverse ways of thinking about, and executing on, our principles and mission.

Our approach to diversity and inclusion aims to identify and embrace the diverse thinking that is reflected by our differences such as our personality, communication styles, career paths, educational backgrounds, gender, age, disability, ethnicity and religion. We recognise that:

- Diverse and inclusive teams promote innovation, performance and productivity;
- These advantages are strongest when our workforce reflect the diverse communities;
- These diverse communities provide a valuable source of talent;
- Gender Equality: promote and improve female participation and achieve gender equality, including pay equity in the workplace;
- Workplace Culture: cultivate an inclusive workplace of fairness and equity which fosters the unique skills and talents of our people.

We will regularly review our GFM Group wide workforce reporting to track progress against our diversity objectives, and together with the Board, continue management's focus on diversity and inclusion.

We are focused on the diversity of our business in two areas: gender diversity; local participation. We are also aware of the importance of age diversity to our business.

Gender Composition (%)	Male	Female	Total
GFM Services Berhad	0.2%	1.2%	0.4%
Global Facilities Management Sdn Bhd	88.8%	93.8%	89.5%
Everfine FMS Sdn Bhd	9.0%	3.7%	8.2%
GFM Solutions Sdn Bhd	2.0%	1.2%	1.9%
Total	**445**	**81**	**526**

The primary aim of the initiative is to increase and leverage the diversity that exists across the organisation. This includes increasing and retaining the number of women employed at all levels in the GFM Group by seeking to overcome the challenges associated with the relatively small numbers of women entering the technical profession.

As we increase female representation across the GFM Group, we are seeking to ensure that women are not over-represented in administrative and professional service roles, and under-represented in the technical, engineering and leadership roles that are core to our business.

Racial composition (%)	Malay	Chinese	Indian	Orang Asal	Total
GFM Services Berhad	0.4%	nil	nil	nil	0.4%
Global Facilities Management Sdn Bhd	88.2%	100%	75.0%	100%	88.4%
Everfine FMS Sdn Bhd	8.6%	nil	12.5%	nil	8.4%
GFM Solutions Sdn Bhd	2.8%	nil	12.5%	nil	2.9%
Total	**500**	**3**	**8**	**15**	**526**

Our aim is to employ a workforce that reflects the population of the country and to be an employer of choice by the year 2020. Across our projects, we are achieving a relatively high level of local participation.

AGENDA 4 – SEEK COMPETITIVE ADVANTAGE BY INNOVATING SERVICE DELIVERY

Our Approach

One of the GFM Group's strategic thrusts is Innovation. For the GFM Group, innovation means challenging conventional practices and adopting to new technologies, proactively investing for the future, sharing knowledge and learning from mistakes. In today's highly competitive environment, our clients depend on our use of innovative technology and business systems to deliver operational excellence and to pioneer new and better ways to overcome challenges. By working closely with clients, partners, suppliers and subcontractors, we solve tomorrow's problems today through world-class expertise, management and quality.

Innovation

For the GFM Group, innovation is a mindset that questions and imagines what's possible. Innovation is about creating a flexible and collaborative environment where our people are encouraged to challenge and change their current work practices, and add value to whatever they do.

We recognise that, essentially, there are two types of innovation: incremental and transformational. Incremental innovation happens all day, every day. It is about continuous improvement. As we strive to deliver our clients' needs more effectively and efficiently, we focus on improving client service, work practices, productivity and re-engineering processes. These are all valuable but, alone, they do not achieve sustainable competitive advantage, they just keep us in the game.

Transformational, disruptive or game-changing innovation comes from creating products and services that no-one has yet developed. Over our history, we have challenged what we do, the services we provide, the markets we serve, and even our core competencies, but our future depends on continuing to find a compelling reason to exist. We must continually ask ourselves; are we doing today what we need to do in order to be relevant tomorrow?

Managing Risk

The recognition and management of risk is embedded in all activities of the GFM Group and is a core part of our culture. The GFM Group's exposure to risk stems from its broad and evolving business risk profile, which covers areas including operations, safety, reputation, regulation, contracts, human resources, finance, information and strategy.

As required by the GFM Services Berhad Board, management has implemented a policy framework designed to ensure that the GFM Group's material business risks are identified and that adequate controls are in place and function effectively, and for management to report to the Board on whether those risks are managed effectively. This framework incorporates the maintenance of comprehensive policies, procedures and guidelines which span the GFM Group's diverse contracting and project development activities, including setting financial controls, conducting business audits, investment and acquisition overview, and ensuring high standards in corporate communications and external affairs. The GFM Group Risk Framework will be based on International Standard ISO 31000:2009 'Risk management – Principles and guidelines', and forms the basis for GFM's risk management activities.

Quality

Delivering projects that meet our clients and other stakeholder requirements is the result of good planning and skilful execution. Everyone has accountabilities in this regard.

The GFM Group has people in pure quality and systems roles with direct accountability for ensuring compliance with ISO 9001:2008 Quality Management Systems. These people also coordinate with key stakeholders and subject matter experts to improve our procedures so we work more efficiently and develop effective controls to ensure that work is done in compliance with quality requirements.

Value Creation

The direct economic value that the GFM Group generated and distributed over the past three years is set out below.

Economic value creation (RM million)	2017	2016	2015
Economic value generated: Revenue[1]	104	92	78
Economic value distributed	74	66	60
Of which: Operating costs	52	47	40
Staff related costs[2]	22	19	20
Payment to provider of capital[3]	1.0	0.9	1.5
Payment to government[4]	8	8	3
Community investments[5]	63	27	24
Economic value retained	10	13	11

[1] as per audited statements
[2] include salaries and allowances
[3] financing costs from financial institutions for borrowings
[4] taxations and duties paid to related government institutions
[5] donations and sponsorship for community benefits

Perspectives on Value Creation

Other shareholder return information can be found in the GFM Services Berhad Annual Report. But value is more than purely dividends and share appreciation for shareholders. The GFM Group creates value in other ways that have significant benefits to communities and society:

- The facilities management projects and PPP/PFI we are involved in are fundamental to improving the productivity of economies and the quality of people's lives
- The facilities management of LKIM deep sea fishing port in Tanjong Bako is critical for economic development prosperity, and help to generate tax income for governments, stimulate local communities, and generate secure employment.
- By engaging many hundreds of sub-contractors to provide services to our projects, and the payments we make, we provide employment opportunities and foster local suppliers, many of them in regional and remote communities
- The innovation of our people leads to safer techniques for the industry and new services which can be exported to other industries and markets, ultimately earning income for the country.

Outlook and Future Plans

We are committed to bringing an innovative approach to the successful delivery of projects. In 2018, we plan to:

- continue to work with Suruhanjaya Tenaga on projects, other than Bangunan Sultan Iskandar, that are externally recognised as being sustainable;
- invest in research and development of innovative engineering and project management software solutions;
- rolling out the Group-wide digital transformation roadmap particularly in the implementation of the Internet-of-Things ("IoT") to enhance service delivery.
- further encourage the sharing of technical excellence across the GFM Group.

AGENDA 5–USE RESOURCES EFFICIENTLY, MINIMISE WASTE & PROMOTE DELIVERY OF ENERGY EFFICIENT, ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE PROJECTS

Measures in place	Actions during 2017	Performance
100% of Operating Company management systems certified to MS ISO 14001	Maintained rigorous approach to environmental management	Group-wide implementation of quality systems
Sustainability Policy in place	Issued Sustainability Policy which commits to the Group to abide by and acknowledges our role in contributing to the Bursa Malaysia sustainability goals	Ongoing Group-wide implementation and awareness campaign
Commitment to the efficient use of resources mentioned in the Sustainability Policy	Participated in the Suruhanjaya Tenaga Energy Award on behalf of Bangunan Sultan Iskandar which promoted energy efficiency initiatives	Bangunan Sultan Iskandar awarded the Two Star Award for energy efficiency

Our Approach

Respect for the environment is a demonstration of the GFM Group's core values of the Code of Ethics and Code of Conduct. We undertake to use resources efficiently, minimise waste and promote the delivery of energy efficient, environmentally and socially responsible projects. By constantly innovating we seek to improve efficiency and reduce waste, thereby lowering costs, improving our value proposition and growing client loyalty.

Operating across a range of diverse and sensitive areas, we are committed to managing our environmental footprint using consistent processes and methods that reflect best practice and mitigate environmental risk. Effective management of the environment is a commercial and ethical imperative, and is part of our everyday decisions and processes. An enhanced reputation in environmental management gives us a competitive advantage in winning and delivering work.

Each of our Operating Companies maintains an environmental management system which comprises governance documentation, and comprehensive environmental management plans, procedures and other supporting documents. All the GFM Group's Operating Companies management systems are certified to ISO 14001.

Minimising project and business-wide impacts, such as erosion and sediment control, protection of flora and fauna, and reducing our carbon emissions, are important focus areas for environmental management at the GFM Group.

Improving Energy Efficiency

The GFM Group is a substantial user of energy, particularly driven by the operations of Bangunan Sultan Iskandar which utilises large volumes of energy. The GFM Group's energy consumption for 2016 was as follows:

In 2016, the GFM Group facilitated Bangunan Sultan Iskandar (BSI) to participate in the first Asian Energy Management Awards (AEMAS) which drawn 44 submissions, representing projects and ideas from across Malaysia and the Asian region. The BSI received a two-star award, the first of any government building in Malaysia.

The GFM Group is working hard on initiatives such as those outlined above that promote the delivery of energy efficient, environmentally and socially responsible projects.

Outlook and Future Plans

We are committed to, wherever possible, preventing or otherwise mitigating and remediating any harmful effects from our operations. In 2018, we plan to:

- Promote waste management and minimisation initiatives on all projects.
- Encourage employees to understand and abide by the principles of the UN Global Impact and to provide education on the GFM Group's role in contributing to the UN Sustainable Development Goals.
- Participate again, on behalf of Bangunan Sultan Iskandar, in the Suruhanjaya Tenaga Innovation Award (Energy and Environmental Protection category) with a focus on using the Award to identify and communicate worthwhile initiatives.
- Further develop and improve support tools and processes to integrate sustainability on infrastructure projects.

THE GFM SUSTAINABILITY PERFORMANCE MEASUREMENT

CREATING SHAREHOLDERS VALUE		2017	2016
Human Capital Return on Investment[1]		**3.6 times**	3.8 times
Revenue per person	RM	**198,597**	197,167
Labour (revenue) productivity	RM/MhW	**92.3**	83.8

PROVIDING SAFE, SUPPORTIVE & POSITIVE WORKPLACE		2017	2016
Total fatalities		**nil**	nil
Total Medically Treated Injuries (MTIs)		**nil**	nil
Total Lost Time Injuries (LTIs)		**nil**	nil
Lost Time Injury Frequency Rate (LTIFR)		**nil**	nil
Million hours worked (MhW)	Hours	**1,131,512**	1,099,064
Total Recordable Injury Frequency Rate (TRIFRs)		**nil**	nil

ACTING WITH INTEGRITY		2017	2016
Effective Tax Rate (ETR)	%	**27%**	26%
Total strategic community investments	RM	**50k**	25k
Total vendors		**1,375**	1,217
Of which: Local[5]		**1,374**	1,217
Multinational		**1**	nil
Of which: SME[4]		**1,251**	1,095
Non-SME		**124**	122

DEVELOPING A PERFORMANCE CULTURE		2017	2016
Total direct employees		**526**	467
Total staff related costs	RM	**28,849,231**	24,062,924
Payroll ratio[2]	RM/employee	**54,846**	51,527
Average tenure of employment	Years	**3.1**	3.1
Number of new hires		**131**	119
Of which: Male	Number / %	**100**	90
Female	Number / %	**31**	29
Total turnover number and rate[3]	Number / %	**75**	65
Of which: Male (voluntary)	Number / %	**73**	60
Female (voluntary)	Number / %	**2**	5
Of which Male (involuntary)	Number / %	**nil**	nil
Female (involuntary)	Number / %	**nil**	nil
Females on the Board	Number / %	**nil**	nil
Females in the workforce	%	**16%**	14%
Females in senior management	%	**10%**	nil
Non-Bumiputera in workforce	%	**4%**	4%

USING RESOURCE EFFICIENTLY		2017	2016
Environmental incident frequency rate	Number/MhW	**nil**	nil

Note

[1] Total revenue minus total operating expenditure minus total staff related costs ('TSRC') divided by TSRC.

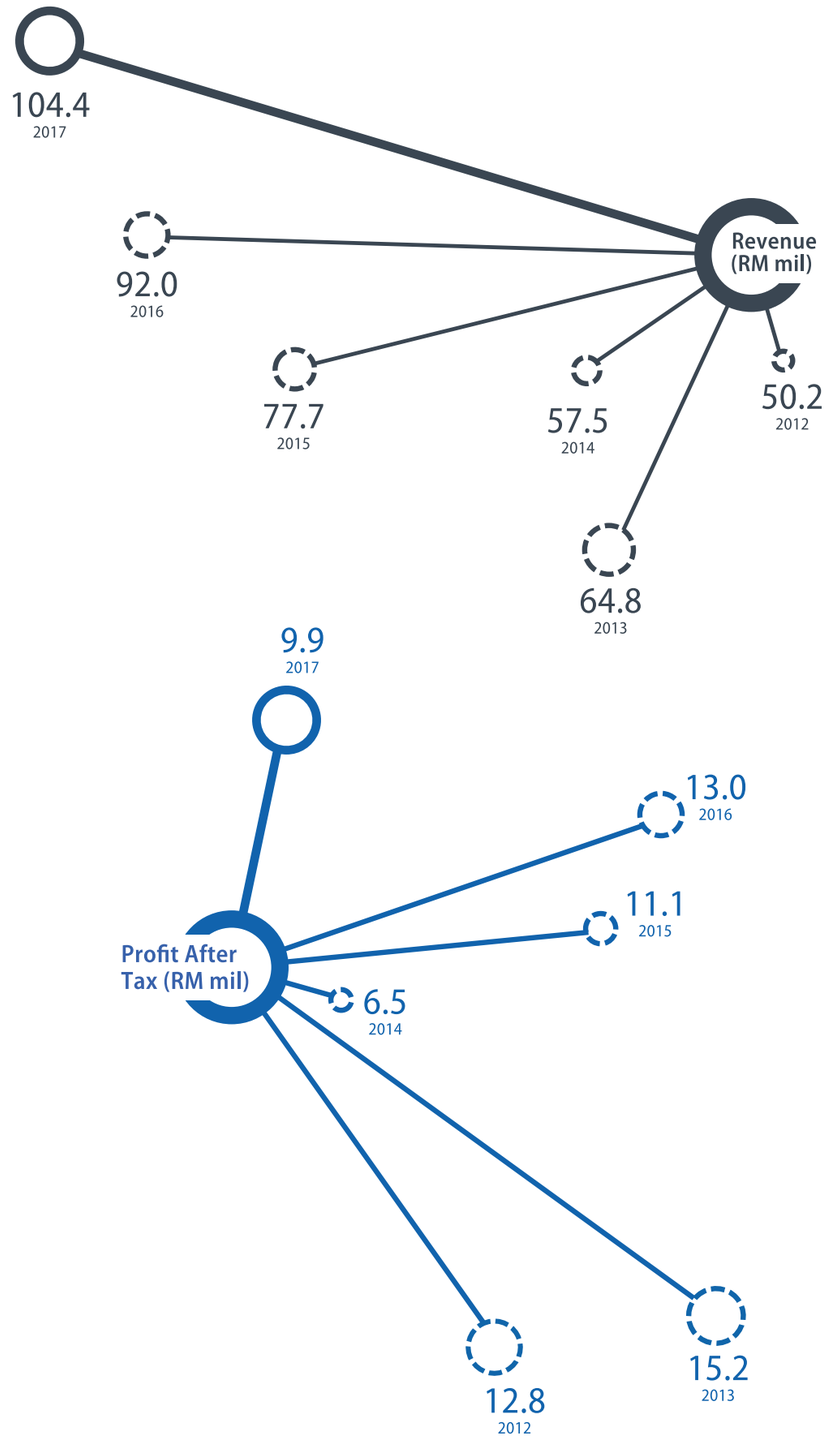
[2] Total staff related costs divided by the total number of direct employees.

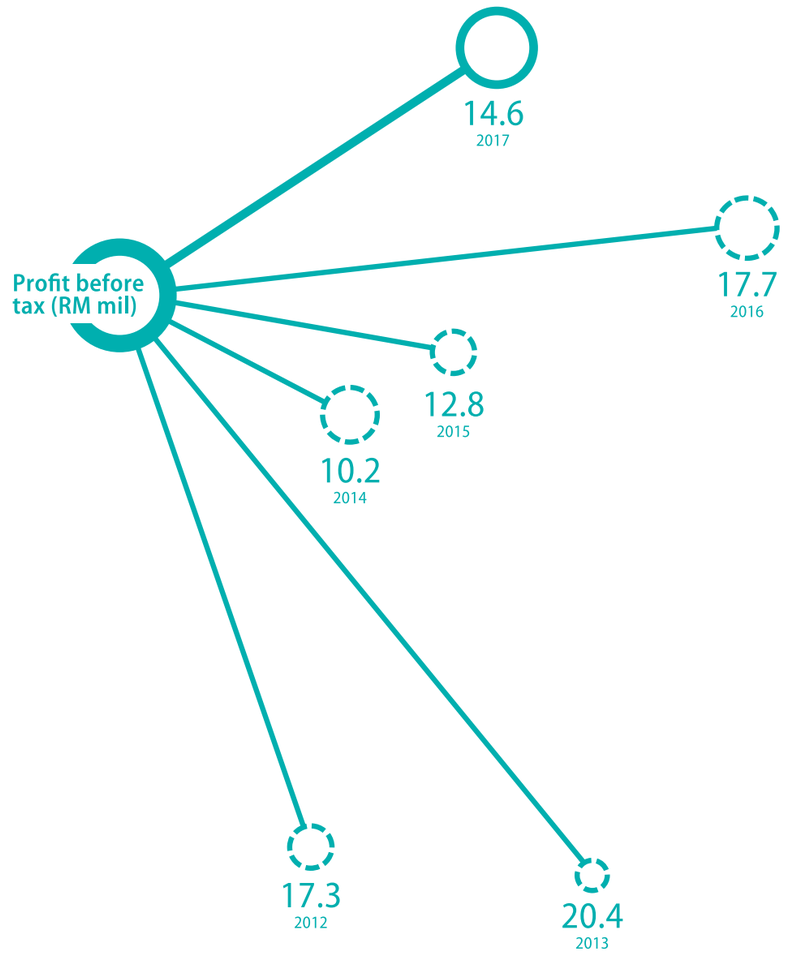
[3] Given that a large proportion of the workforce is hired on a project basis, overall employee turnover rates are not an effective method to measure staff retention. Therefore, turnover rates including only permanently employed staff has been provided

[4] Annual revenue less than RM 25 million. As defined by SME Bank Bhd and Bank Pembangunan Malaysia Bhd

[5] Wholly-owned by Malaysian citizens or Malaysian entities

Financial Highlights





FYE 31 December	2017 (RM mil)	2016 (RM mil)	2015 (RM mil)	2014 (RM mil)	2013 (RM mil)	2012 (RM mil)
Revenue	**104.4**	92.0	77.7	57.5	64.8	50.2
Cost of Sales	**(74.5)**	(65.9)	(59.5)	(33.9)	(36.5)	(29.0)
Gross profit	**29.9**	26.1	18.2	23.6	28.3	21.2
Other income	**2.1**	7.4	7.8	13.1	1.1	0.6
Administrative expenses	**(13.8)**	(10.5)	(9.3)	(9.9)	(8.7)	(4.2)
Other expense	**(2.6)**	(4.4)	(2.4)	(16.4)	(0.2)	(0.1)
Profit from operation	**15.6**	18.6	14.3	10.4	20.5	17.5
Finance cost	**(1.0)**	(0.9)	(1.5)	(0.2)	(0.01)	(0.2)
Profit before tax	**14.6**	17.7	12.8	10.2	20.4	17.3
Taxation	**(4.7)**	(4.7)	(1.7)	(3.7)	(5.2)	(4.5)
Profit after tax	**9.9**	13.0	11.1	6.5	15.2	12.8
GP margin	**29%**	28%	23%	41%	44%	41%
PBT margin	**14%**	19%	16%	18%	32%	34%
PAT margin	**9%**	14%	14%	11%	23%	26%

Corporate Governance Overview Statement

The Board of Directors ("the Board") of GFM Services Berhad ("GFM Services" or "GFM Services Group" or "Company") believes that good corporate governance is fundamental to the Group's continued success. Therefore, the Board is committed to ensuring that the highest standards of corporate governance are practised throughout GFM Services, as a fundamental criterion of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Company.

This overview statement sets out the commitment and describes how the Group has applied the principles and recommendations of the following:

1. ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities");
2. Malaysian Code on Corporate Governance 2012 ("Code");
3. Second Edition of the Corporate Governance Guide issued by Bursa Malaysia Berhad; and
4. Third Edition of the Corporate Governance Guide issued by Bursa Malaysia Berhad.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Practice 1.1 - Board leadership & Practice 2.1 - Board Charter

The Board retains full and effective control of the Group. The Board has the primary responsibility for guiding and monitoring the business and affairs of the Group including compliance with the Company's corporate governance objectives. In giving effect to this Board Charter, each Director will at all times act honestly, fairly and diligently in all respects in accordance with the law applicable to the Company. Each Director will at all times act in the interests of shareholders of the Company and of the Company as a whole, and will have regard to the interests of employees and customers of the Group and the community and environment in which the Group operates.

As set out in the Board Charter, the Board is responsible for:

The Board is responsible to shareholders for the management and performance of the Group, including the following matters:

- Evaluating, approving and monitoring the Company's strategic and financial plans for the Group;
- Evaluating, approving and monitoring the annual budgets and business plans and evaluating the Group's performance in relation to them;
- Evaluating, approving and monitoring the progress of major capital expenditure, capital management, acquisitions, divestitures and all major corporate transactions including the issue and buy-back of any securities of the Company;
- Monitoring major litigation;
- Approving all financial reports to be published and related stock exchange announcements
- Monitoring other material reporting and external communications by the Company;
- Approving the dividend policy and payment of dividends;
- Succession Planning, Evaluation and Appointments
- Appointing external auditors (subject to shareholder's approval); and
- Considering and reviewing the social, ethical and environmental impact of the Group's activities and determining, monitoring and reviewing standards and policies to guide the Group in this regard.

The salient features of the Board Charter had been uploaded on the Company's website at www.gfmservices.com.my.

The Board has delegated specific responsibilities to various Board Committees namely the Audit Committee, the Nomination and Remuneration Committee whose functions are within their respective terms of reference approved by the Board. The said terms of reference are periodically reviewed by the Board, as and when necessary and the Board appoints the Chairman and members of each committees. These Committees assist the Board in making informed decisions through in depth discussions on issues in discharge of the respective committees' terms of reference and responsibilities. The Chairmen of the various committees will report to the Board the outcome of the Committee meetings which will be recorded in the minutes of the Board meeting. The ultimate responsibility for decision making, however, lies with the Board.

For certain day-to-day operations, the Board has delegated authorities and powers to Management with the prescribed limits of authority.

Practice 1.2 - The board Chairman & Practice 1.3 - Separation in the roles of Chairman and Managing Director

To ensure balance of power and authority, accountability and independent decision making, the roles of the Chairman and the Managing Director are distinct and separated.

The position of Chairman is held by Encik Abdul Rahim Bin Abdul Hamid, an Independent Non-Executive Chairman of the Company. The Group Managing Director, Encik Ruslan Bin Nordin is responsible for the daily management of the Group's operations and implementation of the Board's policies and decisions. He is responsible for communicating matters relating to the Group's business affairs and issues to the Board for its consideration and approval, where required. The Executive Directors are involved in the day-to-day management of the Company.

The positions of Chairman and Executive Directors are held by different individuals. The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board, acts as facilitator at the meetings and to ensure that Board proceedings are in compliance with good conduct and best practices. Whilst the Executive Directors are responsible for making and implementing operational and corporate decision as well as developing, coordinating and implementing business and corporate strategies.

The distinct and separate roles of the Chairman and Executive Directors, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

Practice 1.4 – Company Secretary

Every director also has unhindered access to the advice and services of the Company Secretary. The Board believes that the current Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board. In the event that the Company Secretary fails to fulfil her functions effectively, the terms of the appointment permits their removal and appointment of successor which is a matter for the Board to decide.

The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, the Board's policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary is suitably qualified, competent and capable of carrying out the duties required and has attended training and seminars conducted by relevant regulatories to keep abreast with the relevant updates on statutory and regulatory requirements and updates on the ACE LR of Bursa Securities.

The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares, in accordance with Chapter 14 of the ACE LR of Bursa Securities. Deliberations during the Board and Board Committees' meetings were properly minuted and documented by the Company Secretary.

Practice 1.5 - Information and support for Directors

The Board endeavours to meet at least four (4) times a year, at quarterly intervals which are scheduled well in advance at the commencement of the financial year to help facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened where necessary to deal with urgent and important matters that require attention of the Board. Where appropriate, decisions are also made by way of circular resolutions in between scheduled meetings during the financial year.

The Board met five (5) times (Four (4) BODM and one (1) Special BODM) during the financial year ended 31 December 2017 and the attendance records of each Director at the Board Meetings is set out below:

Names of Directors	Attendance at Meeting	Percentage of Attendance
Executive Directors		
Ruslan Bin Nordin	5/5	100%
Zainal Bin Amir	4/5	80%
Mohammad Shahrizal Bin Mohammad Idris	5/5	100%
Non - Executive Directors		
Abdul Rahim Bin Abdul Hamid	5/5	100%
Ashok Virendra Shah	5/5	100%
Zainal Arifin Bin Khalid	5/5	100%
Yong Hee Kong	4/5	80%

Senior management staff and/or external advisors may be invited to attend Board meetings to advise the Board and to furnish the Board with information and clarification needed on relevant items on the agenda to enable the Directors to arrive at a considered decision.

At least seven (7) days prior to each board meeting, members of the Board will be provided with an agenda and a set of board papers containing reports and other relevant information detailing various aspects of the Group's operations and performance to enable them to make informed decisions. The board papers may include financial, strategic and corporate proposals that require the Board's deliberation and approval.

The senior management, both external and internal auditors and/or advisers may be invited to attend the board meetings, if required, to provide additional information on the relevant agenda tabled at the board meetings.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at Board meetings. The Board members are required to notify the Board prior to their acceptance of new directorships in other companies with indication of time that will be spent on the new appointment.

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary.

Besides board meetings, the Board also exercises control on matters that require its approval through the circulation of resolutions.

Board meetings were held to discuss matters that require members' input and decision. The Chairman ensures that all directors have full and timely access to information. Prior to the meetings of the Board and the Board Committees, notice of agenda together with previous minutes and other relevant information were circulated to all directors on a timely basis in order to enable the directors to be well informed and briefed before the meetings.

All directors also have full and free access to information within the Group and can as individual Director or as a full Board have unrestricted access to all information pertaining to the Group's business and affair. This is to enable them to carry out their duties effectively and diligently. As and when necessary, the Board may obtain independent professional advice, in furtherance of their duties, at the expense of the Group, in furtherance if their duties.

The external auditors also briefed the Board members on the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the year.

Practice 3.1 - Establishing and implementing a Code of Conduct and Ethics

The Board acknowledges and emphasises the importance for all Directors and employees of GFM Services Group to embrace the highest standards of corporate governance practices and ethical standards.

In this respect, the Board has formalised a Code of Ethics and Code of Conduct. These codes are aimed to emphasise the Company's commitment to ethics and compliance with applicable laws and regulations.

The Code of conducts had been uploaded on the Company's website at www.gfmservices.com.my.

Practice 3.2 - Establishing and implementing Whistleblowing Policies and Procedures

To enhance corporate governance practices across the Group, a whistleblowing policy was adopted which provide Directors, Employees, Shareholders, Vendors or any parties with a business relationship of the Group with an avenue to report suspected wrongdoings that may adversely impact the Group.

The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the person filing the report, as far as possible, be protected from reprisal, harassment or subsequent discrimination.

The salient features of the whistleblowing policy had been uploaded on the Company's website at www.gfmservices.com.my.

II. Board Composition

Practice 4.1 - Presence of Independent Directors on the Board

The principle emphasizes the importance of right board composition in bringing value to the board deliberation and transparency of policies and procedures in selection and evaluation of board members.

The Board currently has seven (7) members, consisting of One (1) Independent Non- Executive Chairman, a Managing Director, two (2) Executive Directors and three (3) Independent Non-Executive Directors.

The Company complies with the criteria of Bursa Securities' ACELR of ensuring that at least two (2) directors or one-third (1/3) of the Board of Directors, whichever is the higher, are independent directors.

The profiles of each of the Directors are presented on pages 18 to 21 of this Annual Report.

The current composition of the Board is well balanced with the presence of Independent Non-Executive Directors of the necessary calibre to carry sufficient weight in the Board's decision-making process. All Independent Non-Executive Directors are independent of management duties and they do not have any family relationship with any of the other Board members which could interfere with their exercise of independent judgement during the decision-making process of the Board or the ability to act in the best interest of the Company and its shareholders.

The Executive Directors are responsible for the making of the day-to-day business and operational decisions and implementation of Board policies. There is a clear division of duties and responsibilities amongst them in order to maintain a balance of control, power and authority within the Management.

The Independent Non-Executive Directors are responsible in exercising independent judgement and to act in the best interests of the Group in ensuring that decisions made by the Board are deliberated fully and objectively with regard to the long term interest of all stakeholders.

The Independent Non-Executive Directors have declared themselves to be independent from management and free of any relationship which could interfere with the exercise of their independent judgement and objective participation and decision making process of the Board.

Decision of the Board is done collectively without undue influence or dominance by any individual Director or group of Directors.

The Board is confident that its current size and composition is sufficient and effective in discharging the Board's responsibilities and in meeting the Group's current needs and requirements.

The profile of the Board members are set out in this Annual Report on pages 18 and 21.

The MCCG 2012 endorses a formal procedure for appointments to the Board based on the recommendation of a Nomination Committee. As such the Board has established a Nomination and Remuneration Committee who is responsible for:

- recruitment, retention, training and basically developing the best available directors suitable for the Company;
- management of the Board's renewal and succession planning effectively;
- reviewing and recommending to the Board, the remuneration frameworks for directors and assists the Company in ensuring that the remuneration of the directors reflects the responsibility and commitment undertaken by the board membership.

When there are changes in the regulatory requirements and retirement of directors, the Board would through the Nomination Committee ("NRC") review the composition of the Board members in order to ensure that the current composition of its Board functions competently.

**Practice 4.2 and Step Up 4.3 -
Tenure of Independent Directors**

The Board has adopted the policy that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the 9-year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the NC is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence and the candidate's performance.

All the four (4) Independent Directors were appointed on 16 October 2016. At this juncture, their term of service as independent directors is less than nine (9) years.

Should the tenure of an Independent Director exceed nine (9) years, shareholders' approval will be sought at an AGM or if the services of the Director concerned are still required, the Director concerned will be re-designated as a Non-Independent Director.

**Practice 4.4 and 4.5 -
Diversity on Boards and in senior management**

The Board currently does not have a formal policy on its boardroom or gender diversity. The evaluation and selection criteria of a Director are very much dependent on the effective blend of knowledge, skills, competencies, experiences and time commitment of the new Board member. Nonetheless, the Board is supportive of gender diversity in the Boardroom composition as recommended by the Code and will endeavour to consider suitable and qualified female candidates for appointment to the Board.

Practice 4.6 - Sourcing of Directors

The NRC will recommend to the Board on suitable candidates for appointment as Board members, member of Board Committees and Executive Director of the Company based on the following evaluation criteria:

- Skills, knowledge, expertise and experience;
- Professionalism;
- Time commitment to effectively discharge his role as a director;
- Contribution and performance;
- Character, integrity and competence;
- Boardroom diversity including gender diversity; and
- In the case of candidates for the position of Independent Non-Executive Directors, the NRC shall also evaluate the candidates' ability to discharge such responsibilities and functions as are expected from Independent Non-Executive Directors. The NRC will arrange for the induction of any new Directors appointed to the Board to enable them to have a full understanding of the nature of the business, current issues within the Company and corporate strategies as well as the structure and management of the Company.

Practice 4.7 - Chairmanship of the Nomination Committee & Practice 6.2 - Remuneration Committee

The present members of the Nomination and Remuneration Committee ("NRC") are as follows:

Name	Designation
Zainal Arifin bin Khalid	Chairman
Ashok Virendra Shah	Member
Yong Hee Kong	Member

There was three (3) NRC Meetings held for the financial year ended 31 December 2017.

The NRC had reviewed and assessed the size of Board, required mix of skills, experience, performance and contribution of Directors; effectiveness of the Board as a whole; independence of Independent Directors and training courses required by the Directors, and is satisfied with the current composition and performance of the Board for the financial year ended 31 December 2017.

The NRC have considered the performance and contribution of the Director who stand for re-election at the forthcoming Annual General Meeting to determine whether they are eligible for re-election. The NRC will recommend the re-election of Director to the Board for approval. All the retiring Director will abstain from deliberations and decisions on their own eligibility to stand for re-election at the Board Meeting.

With the current composition, the NRC opines that all the Board members have the necessary knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively. All Directors on the Board have extensive experience with their many years of experience on the Boards of other companies and/or also as professionals in their respective fields of expertise.

Practice 5.1 – Evaluation for Board, Board Committees and Individual Directors

The Board, through the NRC, undertakes the process to assess the effectiveness and performances of each individual Director annually. The assessment is based on each Director's contribution to interaction, roles and duties, personal attributes, attendance record and training activities attended.

The Independent Non-Executive Directors play a key role in corporate accountability and provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Independent Non-Executive Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, considering the interest of all stakeholders in the Group.
An assessment on the independence of the Directors based on the provisions of the ACE LR of Bursa Securities is carried out before the appointment of any new Independent Non-Executive Director. Further, the Board with the assistance from the NRC will undertake to carry out annual assessment of the effectiveness of the Board, as a whole, including Independent Non-Executive Directors and consider whether the Independent Non-Executive Director can continue to bring independence and objective judgment to Board deliberations.

Any Director who considers that he has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decisions in any matter concerning the Company is required to immediately disclose to the Board and to abstain from participating in any discussion or voting on the respective matter.

For the financial year ended 31 December 2017, the Board assessed the independence of its Independent Non-Executive Directors based on the criteria set out in the ACE LR of Bursa Securities. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

During the financial year, some of the Directors had participated in various training program. Particulars of the seminars and courses attended are as follows:

Name of Directors	Date (2017)	Seminar/Training Course Title
Abdul Rahim bin Abdul Hamid	February	Value Investing By Value Investment College
	March	Malaysia's Economic Challenges & Policy Implications (A Luncheon Talk)
	April	Mia's 50th Anniversary Commomerative Lecture By Tan Sri Abdul Wahid Omar
	July	ACCA Malaysia Annual Conference
	August	16th International Conference On Translation
	November	Mia's International Accountants' Conference
	December	MFRS For Board: Understanding The Reporting Requirements (By SIDC)
		Malaysian Code On Corporate Governance: A New Dimension (By SIDC)
Mohammad Shahrizal bin Mohamad Idris	July August	INSKEN SME Market Outlook International Directors Summit 2017
Ruslan Nordin	July August	INSKEN SME Market Outlook International Directors Summit 2017 Companies Act 2016

III. Remuneration

Practice 6.1 - Remuneration policy and procedure for directors and senior management

In general, the component parts of the remuneration for Executive Directors are structured so as to link rewards to corporate and individual performance of the executive directors. The remuneration of the Executive Director includes salaries and other emoluments, bonus, fees and benefits in kind.

The level of remuneration for the Independent Non-Executive Directors, reflects the experience and level of responsibilities undertaken by the particular Independent Non-Executive concerned. Currently the Non-Executive Directors are paid Director's fees and attendance allowance for Board/General Meetings they attended.

The Company's remuneration policy for Directors is formulated to attract and retain individuals of the necessary calibre relevant to the achievement of the Company's strategic objectives. The remuneration is structured to link experience, expertise and level of responsibility undertaken by the Directors.

The Nomination and Remuneration Committee is entrusted with the responsibilities to make recommendations on the remuneration package for the Executive Directors to the Board. It is the ultimate responsibility of the entire Board to approve the remuneration of these Directors. Non-Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration.

Practice 7.1,7.2 and Step up 7.3 - Disclosure of Remuneration

The details of the remuneration of the Directors of the Company comprising remuneration received/ receivable from the Company and subsidiary companies during the financial year ended 31 December 2017 are as follows:

The aggregate remuneration of the Executive Directors and Non-Executive Directors for the financial year ended 31 December 2017 is as follows:

Group Level

Category	Salaries and other emoluments* (RM)	Fees (RM)	Attendance Allowances (RM)	Benefits in Kind (RM)	Total (RM)
Executive	825, 087	-	13,000	11,317	849,404
Non- Executive	-	244,800	31,000	-	275,800
Total	**825,087**	**244,800**	**44,000**	**11,317**	**1,125,204**

Subsidiary Level

Category	Salaries and other emoluments* (RM)	Fees (RM)	Attendance Allowances (RM)	Benefits in Kind (RM)	Total (RM)
Executive	825, 087	-	13,000	11,317	849,404
Total	**825,087**	-	**13,000**	**11,317**	**849,404**

*Other emoluments include salaries, bonuses, allowance, Employees Provident Fund contributions, and SOCSO contribution

Remuneration Bands

Range of Remuneration per annum	Group		Company	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
RM1-RM50,000	-	-	-	-
RM50,001-RM100,000	-	4	-	-
RM100,001-RM150,000	-	-	-	-
RM150,001-RM200,000	-	-	-	-
RM200,001-RM250,000	-	-	-	-
RM250,001-RM300,000	3	-	3	-
RM300,001-RM350,000	-	-	-	-
RM350,001-RM400,000	-	-	-	-
RM400,001-RM450,000	-	-	-	-
RM450,001-RM500,000	-	-	-	-
RM500,001-RM550,000	-	-	-	-
RM550,001-RM600,000	-	-	-	-
Total	**3**	**4**	**3**	-

(For security and confidential reasons, the details of individual Directors' remuneration are not shown. The Board is of the opinion that the transparency and accountability aspects of corporate governance as applicable to Director's remuneration as appropriately served by the disclosure made above.)

The details of the remuneration of the top five (5) Senior Management (including salary, bonus, benefit in kind and other emoluments) in each successive bands of RM50,000 during the financial year ended 31 December 2017 are as follows:

Range of Remuneration per annum (RM)	Designation of Top Senior Management
RM50,000- RM100,000	-
RM100,001-RM150,000	-
RM150,001-RM200,000	Chief Operating Officer Head of Operations Head of Integrated Management System
RM200,001-RM250,000	Group Chief Operating Officer Chief Executive Officer
RM250,001-RM300,000	-
RM300,001-RM350,000	-

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

Practice 8.1 - Chairman of the Audit Committee

The Audit Committee of the Group which was established on 20 December 2016 comprises the following members:

Name	Designation
Ashok Virendra Shah	Chairman
Abdul Rahim Bin Abdul Hamid	Member
Yong Hee Kong	Member

The Chairman of the Audit Committee, Mr Ashok Virendra Shah is a Fellow Member of Singapore Society of Accountants, Member of Chartered Accountants of India and Member of the Malaysian Institute of Accountants.

The Composition of the Audit Committee and the qualification of the members comply with Paragraph 15.09 (1) of the ACE Market Listing Requirement of Bursa Securities ("ACE LR").

Practice 8.2 and 8.3 - Oversight of External Auditors by the Audit Committee

The Audit Committee and Board place great emphasis on the objectivity and independence of the external auditors in providing true and fair report to the shareholders. Through the Audit Committee, the Board maintains a transparent relationship with the Internal and External Auditors in seeking professional advice on the internal control and ensuring compliance with the appropriate accounting standards. The Audit Committee is empowered to communicate directly with the external and internal auditors and vice versa to highlight any issues of concern at any point in time. The Internal Auditors met the Audit Committee twice during the financial year to discuss the nature, scope of the audit, internal controls and issues that may require the attention of the Audit Committee or the Board. Audit Plan was also discussed on that score taking into account of the historical risk and control matters and the ongoing risk exposure to the Group.

During the financial year under review, the fees for External Auditors were RM191,866 in audit fee and RM45,000 for non-audit fee for services rendered by the External Auditors to the Group for the financial year ended 31 December 2017.

The External Auditors have confirmed to the Audit Committee that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

In compliance with ACE LR of Bursa Malaysia and the Code, the Audit Committee within its duties reviews the scope of work, independence, objectivity and findings and recommendations of the audits conducted by both the Internal and External Auditors.

The Audit Committee also made arrangements to meet and discuss with the Internal and External Auditors separately without the presence of Management on any matters relating to the Group and its audit activities.

Practice 8.4 - Independence of the Audit Committee

The Board recognises the importance of independence and objectivity in its decision making process which is in line with the Code.

The directors with their different backgrounds and specialisation, collectively bring with them a wide range of experience and expertise in areas such as finance, legal, marketing and operations. The executive director is responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The independent non-executive directors play key supporting roles, contributing their knowledge and experience towards formulating policies and in the decision-making process. They do not engage in day-to-day management of the Company and do not participate in any business dealings with the Company. The independent non-executive directors also bring with them objective and independent judgement to decision-making and provide a capable check and balance for the executive director.

The strong presence of Independent Non-Executive Directors on the Board who are neither related to any Director and/or major shareholders nor have any conflict of interests of the shareholders and the Group ensures that the interests of the shareholders and the Company are adequately protected.

The Board is also satisfied that its composition fairly reflects the investment of minority shareholders in the Company.

II. Risk Management and Internal Control Framework

Practice 9.1, 9.2 - Risk Management and Internal Control

The Board has overall responsibility of maintaining a system of internal controls and risk management which provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as with internal policies and procedures.

The Board recognizes that risks cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimizing and managing them and to provide reasonable and not absolute assurance against material misstatement, loss or fraud.

Step up 9.3
Establishment of Risk Management Committee

The Board Committees such as Audit Committee ("AC"), Nominating Committee are established by the Board, and they are governed by clearly defined terms of reference and authority for areas within their scope.

The Company does not establish a Risk Management Committee because the Audit Committee assumes the role in overseeing the risk management function together with the Management.

Practice 10.1 and 10.2 - Effectiveness of an Internal Audit Function

The Board has mandated the AC with the overall responsibility of ensuring adequacy, completeness and effectiveness of the internal control system and risk management. The AC undertakes periodic reviews and monitors the compliance to these systems via the Internal Audit Function who carries out audit checks on such control processes and provides feedback on its effectiveness and compliance at the operating level. Any weaknesses or variances reported by the Internal Auditor to the AC will be turned into management actions to rectify any weaknesses in those control processes.

The Company has outsourced its internal audit function to an independent internal audit service provider namely KPMG Management & Risk Consulting Sdn. Bhd. who is tasked with the aim of providing assurance to the AC and the Board on the adequacy, integrity and effectiveness of the system of internal control and risk management of the Company. The appointed internal auditor reports directly to the AC.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

Practice 11.1 - Communication with Stakeholders

The Group recognises the importance of communication with its shareholders and utilises many channels to disseminate information and to interact with them. To augment the process of disclosure, the Group has a website in which shareholders and the public can access up-to-date information about the business and the Group. The Group's website call be accessed via www.gfmservices.com.my.

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Group to the regulators, shareholders and stakeholders. Steps will be taken to formalise pertinent corporate disclosure policies to comply with the disclosure requirements as stipulated in the ACE LR of Bursa Securities, and to set out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders.

The Company aims to ensure that the shareholders and investors are kept informed of all major corporate developments, financial performance and other relevant information by promptly disseminating such information to shareholders and investors via announcements to Bursa Securities, which is in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices, through dialogue with analysts and the media.

The annual report and the quarterly announcements are the primary mode of communications to report on the Group's business activities and financial performance to all shareholders.

The Company also maintains an effective communication channel between the Board, shareholders and the general public through timely dissemination of all material information. Minority shareholders may communicate with the Company through the Company's website.

II. Conduct of General Meetings

Practice 12.1 - Notice of General Meeting

The Notice of AGM will be circulated at least twenty-eight (28) days before the date of the meeting to enable shareholders sufficient time to peruse the Annual Report and papers supporting the resolutions proposed.

Pursuant to paragraph 8.31A(1) of the ACE LR of Bursa Securities, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and its intended to be moved at the general meeting, is voted by poll.

Hence, all resolutions as set out in the notice of the Company's forthcoming AGM will be voted by poll.

Practice 12.2 - Attendance of directors at general meetings

The AGM is the principal forum for dialogue with the shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report before the meeting. All shareholders are encouraged to attend the AGM and participate in its proceedings. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Group.

The AC is available at the AGM to answer questions and consider suggestions. The External Auditors are also present to provide their professional and independent clarification on issues of concern raised by the shareholders, if any.

Practice 12.3 - Electronice Voting

In the event that shareholders are unable to attend the AGM in person, they are encouraged to appoint one (1) or up to two (2) proxies to attend and vote in his /her stead. The outcome of the meeting is announced to Bursa Securities on the same day, which is also accessible on the Company's website.

The Company conducts a poll voting on each resolution tabled during the general meetings to support shareholders participation. As the number of shareholders of the Company is not large, the Company currently conducts a manual poll voting instead of electronic poll voting. With the poll voting, each shareholder present in person or represented by proxy at the general meeting will be entitled to vote on a one-share, one-vote basis. At least one (1) scrutineer is appointed to validate the votes cast at the meeting.

ADDITIONAL COMPLIANCE INFORMATION

1. Statement of Directors' Responsibility in respect of the Financial Statements

The Directors are required by the Companies Act, 2016 to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group at the end of financial year and of the results and cash flows of the Company and of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Company and of the Group for the financial year ended 31 December 2017 the Company and the Group have used the appropriate accounting policies and applied them consistently and prudently. The Directors also consider that all relevant approved accounting standards have been followed in the preparation of these financial statements.

2. Material Contracts involving Directors and/or Major Shareholders

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest which were still subsisting at the end of the financial year ended 31 December 2017 or entered into since the end of the previous financial year.

Corporate Responsibility ("CR")

The Group is mindful of the need to be corporately responsible and recognise that for long term sustainability, its strategic orientation will need to look beyond financial parameters. Hence, the Group supports important causes such as employees' welfare, community and environment protection. However, the Group endeavours to broaden its scope of CR initiatives over time and will plan accordingly.

ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made in accordance with Part A of Appendix 9C of the Listing Requirements of Bursa Malaysia Securities Berhad:

Status of Utilisation of Proceeds
There were no corporate proposals involving the raising of funds during the financial year ended 31 December 2017.

Non-Audit Fees
Non-audit fees of RM45,000 were paid and payable to external auditors by the Group for the financial year ended 31 December 2017.

Profit Guarantee
There was no profit guarantee given by the Company during the financial year ended 31 December 2017.

Profit Forecast Variance
There was no profit forecast issued in respect of the financial result ended 31 December 2017.

Non-Observance of Malaysian Code on Corporate Governance
There was no non-observance of the Malaysian Code on Corporate Governance for the financial year ended 31 December 2017.

Succession Plan
It is the responsibility of the Nomination and Remuneration Committee to determine a fair remuneration package for the directors, with the main purpose to attract and retain the right candidates. As part of the succession plan, the Managing Director and Senior Management are encouraged to identify and to train potential subordinates in order to prepare them for larger responsibilities within the Group.

STATEMENT OF COMPLIANCE WITH THE CODE

The Board confirms that the Group has made significant effort to maintain high standards of corporate governance throughout the year under review. The Board acknowledges that achieving excellence in corporate governance is a continuous process and is committed to play a pro-active role in steering the Group towards the highest level of integrity and ethical standards.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 12 April 2018.

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Audit Committee Report

The Board of Directors of the Group is pleased to present the Audit Committee Report for the financial year ended ("FYE") 31 December 2017.

MEMBERSHIP

The Audit Committee shall be appointed by the Board from amongst the directors and shall consist of not less than three (3) members, a majority of whom shall be Independent Directors. All members of the Audit Committee should be Non-Executive Directors. The members of the Audit Committee shall elect a Chairman from among their members who shall be an Independent Director. No alternate director shall be appointed as a member of the Audit Committee.

At least one (1) member of the Audit Committee :

(a) Must be a member of the Malaysian Institute of Accountants; or

(b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and:

- he/ she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
- he/ she must be a member of one (1) of the association of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
- fulfils such other requirement as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"

The Audit Committee of the Group which was established on 18 October 2016 comprises the following members:

Name	Designation
Ashok Virendra Shah	Chairman
Abdul Rahim bin Abdul Hamid	Member
Yong Kee Kong	Member

The Audit Committee comprises three (3) Non-Executive Directors, all of whom are Independent Directors. The Chairman of the Audit Committee, Mr Ashok Virendra Shah is a Fellow Member of Singapore Society of Accountants, Member of Chartered Accountants of India and Member of the Malaysian Institute of Accountants.

The composition of the Audit Committee and the qualification of the members comply with Paragraph 15.09 (1) of the ACE Market Listing Requirement of Bursa Securities ("ACE LR").

MEETINGS AND MINUTES

During the financial year, the Audit Committee ("AC") conducted 5 meetings (4 AC meeting & 1 Special AC meeting) of which all were duly convened with sufficient notices given to all Audit Committee members together with the agenda, report and proposals for deliberation at the meetings. The Executive Director was invited to all Audit Committee meetings to facilitate direct communication as well as to provide clarification on audit issues and the operations of the Group.

Representatives from the External Auditors and Internal Auditors, as the case may be, were in attendance to present the relevant reports and proposals to the Audit Committee at the meetings which included inter alia, the Auditors' audit plans and audit reports and the audited financial statements for the financial year ended 31 December 2017.

In the Audit Committee meetings, the external auditors were given opportunities to raise any matters and gave unrestricted access to the external auditors to contact them at any time should they become aware of incidents or matters during the course of their audits or review. Minutes of the Audit Committee meetings were tabled for confirmation at the following Audit Committee meeting and subsequently presented to the Board for notation.

The details of attendance of the Audit Committee members are as follows:

Name	Meeting Attendance
Abdul Rahim bin Abdul Hamid	5/5
Ashok Virendra Shah	5/5
Yong Kee Kong	4/5

Responsibilities and Duties

In fulfilling its primary objectives, the Audit Committee undertakes, amongst others, the following responsibilities and duties:

a) To discuss with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;

b) To review major audit findings arising from the interim and final external audits, the audit report and the assistance given by the Group's officers to the external auditors;

c) To review with the external auditors, their evaluation of the system of internal controls, their management letter and management's responses;

d) To review the following in respect of internal audit:

- adequacy of scope, functions and resources of the firm of internal auditors (that was engaged to undertake the internal audit function) and that it has the necessary authority to carry out its work;
- the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- the major findings of internal audit investigation and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function; and
- review and approve any appointment or termination of senior staff members of the internal audit function.

e) To review the quarterly reporting to Bursa Securities and year-end annual financial statements of the Group before submission to the Board, focusing on:

- compliance with accounting standards and regulatory requirements;
- any major changes in accounting policies;
- significant and unusual items and events; and
- incidences of fraud and material litigation, if any.

f) To review any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management's integrity;

g) To consider the nomination and appointment of external auditors, as well as the audit fee;

h) To review the resignation or dismissal of external auditors;

i) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment; and

j) To promptly report to Bursa Securities if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the ACE LR.

INTERNAL AUDIT FUNCTION

The Company has appointed Messrs. KPMG Management & Risk Consulting Sdn Bhd ("Internal Auditor"), a professional firm of qualified accountants, to undertake the internal audit function. The role of the Internal Auditor is to provide the Committee with independent and objective reports on the systems and state of internal controls of the Company.

The internal audit fee incurred for the FYE 31 December 2017 was RM 218,217.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committees' activities during the financial year under review comprised the following :

External Auditors

- reviewed the external audit plan, outlining the audit scope, audit process and areas of emphasis based on the external auditors' presentation of audit plan;
- reviewed the external audit planning memorandum and the response from the Management; and
- consideration and recommendation to the Board for approval of the audit fees payable to the external auditors; and

  The Audit Committee recommended to the Board for approval of the audit fee of RM191,866 in respect of the financial year ended 31 December 2017.

Internal Control and Risk Management

The Group outsources its Internal Audit Function to a professional services firm, namely KPMG Management & Risk Consulting Sdn Bhd. The Internal Auditors were engaged to conduct regular review and appraisals of the effectiveness of the governance, risk management and internal control process within the Company and the Group.

The Internal Auditor reports directly to the Audit Committee, the appointed Internal Auditors are given full access to all the documents relating to the Company and Group's governance, financial statements and operational assessments.

RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST

The Audit Committee will review the recurrent related party transactions ("RPT") and conflict of interest situation that may arise within the Company and its Group including any transaction, procedure or course of conduct that raises questions of Management integrity

The Audit Committee will review the RPT and conflict of interest situation presented by the Management prior to the Company entering into such transaction. The Audit Committee also ensure that the adequate oversight over the controls on the identification of the interested parties and possible conflict of interest situation before entering into transaction.

Statement on Risk Management and Internal Control

Pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, listed corporations of ACE Market are required to include in their annual report, a "statement about the state of risk management and internal control of the listed corporations as a group". The Board of Directors (the "Board") of GFM Services Berhad (the "Company") is committed to maintaining an effective system of risk management and internal control in GFM Services Berhad and its subsidiaries (collectively referred to as the "Group") and is therefore pleased to provide the following Statement on Risk Management and Internal Control (this "Statement"), which outlines the nature and scope of the risk management and internal control system of the Group during the financial year ended 31 December 2017. The Group does not constitute of any material joint ventures or associates.

For the purpose of disclosure, the Board has taken into consideration the enumerations encapsulated in the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" (the "Guidelines"), a publication endorsed by Bursa Malaysia Securities Berhad pursuant to paragraph/Rule 15.26(b) of Main Market/ACE Market Listing Requirements.

Board's Responsibility

The Board recognises the importance of maintaining a sound system of internal control and the proper identification and management of risks affecting the Group's operations in order to safeguard shareholders' investments and other stakeholders' interests. Accordingly, the Board affirms its overall responsibility for the Group's system of risk management and internal control, and for reviewing the adequacy and operating effectiveness of the said system. The system covers not only financial but also operational and compliance risks and the relevant controls designed to manage the said risks. Given that there are inherent limitations in any system of risk management and internal control, the said system is designed to manage risks within tolerable and knowledgeable limits, rather than eliminating the risk of failure to achieve business objectives of the Group. The system can, therefore, only provide reasonable, but not absolute assurance, against material misstatements, financial losses, defalcations or fraud.

In evaluating the adequacy of the Group's system of risk management and internal control, the Board is assisted by the Audit Committee which comprises wholly of Independent Directors. Notwithstanding the delegated responsibilities, the Board acknowledges its overall responsibility in the establishment and oversight of the Group's risk management and internal control system.

Risk Management

The Board is guided by Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance which call for the establishment of an effective risk management and internal control framework and the disclosure thereof.

Management is responsible for identifying, evaluating, monitoring and reporting of risks and providing assurance to the Board that it has done so in accordance with the policies and procedures set by the Board. To this end, an iterative and organised risk management process has been put in place individually at all major subsidiaries of the Group as well as collectively at the Group level.

The process primarily comprises of the following:

Risk identification

- identification of risks or particular circumstances relevant to the Group's objectives

Risk assessment

- assessment and analyses of the causes, likelihood, impact and consquences of the risks;

Risk evaluation

- evaluation of the adequacy and effectiveness of existing controls;

Risk response

- determination of response strategies in line with the policies adopted by the Board; and

Risk reporting and monitoring

- reporting and monitoring of risks across the Group.

Risks identified from exogenous and internal factors can be generally classified into the following distinct categories:

- Market risk;
- Business risk;
- Liquidity risk;
- Credit risk;
- Regulatory and compliance risk;
- Human capital risk; and
- Reputational risk.

Whilst the Board considers the risk management process to be sound, the process is still subject to continuous improvement, taking into consideration better practices and the changing business environment.

Internal Control Framework

The Audit Committee and the Board regularly review the evaluation on the adequacy and operating effectiveness of the Group's internal control framework. Salient elements of the Group's internal control framework are described below:

a) Code of Ethics and Whistleblowing Policy and Procedures

The Board is responsible for setting the ethical tone of the Group and engendering a healthy corporate culture. A Code of Ethics and a Code of Conduct have been put in place to set out the standards of ethics and conduct expected from its Directors and employees to enhance the standards of corporate governance and corporate behaviour.

The Board has also formalised a set of Whistleblowing Policy and Procedures to provide avenues for stakeholders of the Group to raise bona fide concerns relating to potential breaches of legislations and malpractices in an objective manner without fear of retaliatory actions.

b) Limits of authority

Clearly defined and documented lines and limits of authority, responsibility and accountability have been established through the relevant terms of references, organisational structures and appropriate authority matrix, including matters requiring the Board's approval. In designing and implementing these limits of authority structures and systems, the Group is guided by the maxim that no one single individual should have unfettered powers.

(c) Planning, monitoring and reporting

The following internal control processes have been deployed by the Group:

- *Strategic Business Planning Processes*

  Appropriate business plans are established in which the Group's business objectives, strategies and targets are articulated. Business planning and budgeting are undertaken annually to establish plans and targets against whereby performance is monitored on an ongoing basis;

- *Integrated Management System Accreditation*

  The Integrated Management System of GFM Services Berhad which consists of Quality Management System (QMS), Environmental Management System (QMS) and Occupational Health & Safety Management System (OHSAS) have been internationally recognised and certified by Bureau Veritas Certification (BVC) which carries the ISO9001:2008, ISOI4001:2004 and OHSAS18001:2007 certification respectively. These certifications serve as a testament of GFM Services Berhad's robust work processes that are in line with industry best practices;

- *Documented Policies and Procedures*

  Internal policies and procedures, which are set out in a series of clearly documented standard operating manuals covering a majority of areas within the Group, are maintained and revised as considered necessary;

- *Financial Performance Review*

  The preparation of quarterly financial reports of the Group are reviewed by the Audit Committee and approved by the Board before a release of the same to the regulators and stakeholders. The full year financial statements are audited by the External Auditors, reviewed by the Audit Committee and approved by the Board before their issuance to regulators and stakeholders;

- *Assessment of performance and controls*

  The Group's Management team monitors and reviews financial and operational results, including monitoring and reporting of performance against the operating plans. The Management team formulates and communicates action plans to resolve business, financial, operational and management issues. Informal Board and Management meetings are held at operational levels during the financial year to assess performance and controls; and

- *Insurance and physical safeguards*

  Insurance and physical safeguards over major assets are in place to ensure that the assets of the Group are covered against any untoward incidents that may result in material losses to the Group. The insurance coverage is reviewed at specific intervals to ensure its adequacy.

Internal Audit Function

The Group outsourced its internal audit function to an independent professional firm, KPMG Management and Risk Consulting Sdn Bhd ("KPMG") to assess the adequacy and integrity of the Group's internal control systems. The internal audit function reports directly, and provides assurance, to the Audit Committee through the execution of internal audit work based on a risk-based internal audit plan approved by the Audit Committee before commencement of work. In carrying out its activities, the internal audit function has unbridled access to the relevant records, personnel and physical properties of the Group. The internal audit work is carried out based on KPMG Internal Audit Methodology, which is closely aligned with the International Professional Practices Framework (IPFF) of the Institute of Internal Auditors.

For the financial year ended 31 December 2017, the internal audit function assessed the adequacy and operating effectiveness of internal controls deployed by Management for the Group's key processes, covering facilities management and human resources. The internal audit work was carried out across two cycles with four personnel being deployed for the first cycle and five personnel being deployed for the second cycle.

The internal audit engagement by KPMG is headed by an Executive Director, namely, Mr Khaidzir Shahari. He is a professional member of the Institute of Internal Auditors, Malaysia and a Chartered Accountant (Malaysian Institute of Accountants). Mr Khaidzir has accumulated over 20 years of experience in a wide range of governance advisory, risk management and internal audit work. All the personnel deployed by KPMG are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work. During the financial year ended 31 December 2017, the total fee paid to KPMG is RM 218,217 (2016: nil) which is inclusive of out-of pocket expenses. This represents the total cost incurred for the internal audit work during the financial year

Following the completion of its work, the internal audit function reported directly to the Audit Committee on improvement measures pertaining to internal controls, including a follow-up on the status of Management's implementation of recommendations raised in previous reports. Internal audit reports were submitted to the Audit Committee, who reviewed the observations with Management, including Management's action plans to address the concerns raised by the internal audit function. In addition, the External Auditors' management letters and Management's responsiveness to the control recommendations on deficiencies noted during financial audits provided added assurance that control procedures on matters of finance and financial reporting were in place, and were being followed.

The Group aspires to have an in-house internal audit function in the near future and as such, has made initial headway in this regard. The Group is currently in the preliminary stage of developing a competency framework on the manpower needs for the establishment of an in-house internal audit function.

Commentary on the Adequacy and Effectiveness of the Group's Risk Management and Internal Control Systems

The Board has received assurance in writing from the Group Managing Director and the Chief Financial Officer that the Group's risk management and internal control system has been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. Based on this assurance, the input from external and internal auditors, as well as the Board's review, the Board is of the view that the risk management and internal control system is adequate to meet the needs of the Group in addressing financial, operational and compliance risks and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's annual report. Notwithstanding this, the Board and Senior Management remain committed to strengthening the Group's control environment and processes. Ongoing measures and appropriate action plans will be put in place to enhance the Group's system of internal control as and when necessary.

Pursuant to Rule 15.23 of the ACE Market Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2017 and reported to the Board that nothing has come to their attention which caused them to believe that the Statement intended to be included in the Annual Report of the Company was not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines, nor was it factually inaccurate. The review of this Statement by External Auditors was performed in accordance with the scope set out in Audit and Assurance Practice Guide 3, "Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report", issued by the Malaysian Institute of Accountants.

This Statement is made in accordance with the resolution of the Board of Directors dated 12 April 2018.

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Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

Principal Activities

The Company is principally engaged in investment holding company. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group	Company
	RM	RM
Profit for the financial year, net of tax	9,936,228	6,697,232
Attributable to:		
Owners of the parent	9,936,228	6,697,232

Dividends

The amount of dividend declared and paid by the Company since the end of the previous financial year were as follows:

	RM
Single tier first and final dividend of 1.445 sen per ordinary share in respect of the financial year ended 31 December 2016, paid on 18 June 2017	6,186,067

The directors do not recommend payment of any dividend for the current financial year.

Reserves or Provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

Directors' Report (continued)

Bad and Doubtful Debts

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

Current Assets

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Valuation Methods

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Contingent and other Liabilities

At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

Directors' Report (continued)

Change of Circumstances

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

Items of Material and Unusual Nature

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Issue of Shares and Debentures

During the financial year, no new issue of shares or debentures were made by the Company.

Directors of the Company

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Abdul Rahim Bin Abdul Hamid

Ashok Virendra Shah

Mohammad Shahrizal Bin Mohammad Idris*

Ruslan Bin Nordin*

Yong Hee Kong

Zainal Arifin Bin Khalid

Zainal Bin Amir*

*Directors of the Company and certain subsidiaries of the Group

Directors' Report (continued)

Directors' Interests

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Shareholdings in the Company

	Number of Ordinary Share			
	At 1.1.2017	Bought	Sold	At 31.12.2017
Direct interest				
Mohammad Shahrizal bin Mohammad Idris	26,400,003	-	(700,000)	25,700,003
Ruslan bin Nordin	27,200,004	-	(700,000)	26,500,004
Zainal bin Amir	26,400,003	-	(700,000)	25,700,003
Indirect interest				
Mohammad Shahrizal bin Mohammad Idris	*220,000,000	1,000	-	220,001,000
Ruslan bin Nordin	*220,000,000	1,000	-	220,001,000
Zainal bin Amir	*220,000,000	1,000	-	220,001,000

Shareholdings in the Ultimate Holding Company - GFM Global Sdn. Bhd.

	Number of Ordinary Share			
	At 1.1.2017	Bought	Sold	At 31.12.2017
Direct interest				
Mohammad Shahrizal bin Mohammad Idris	33	-	-	33
Ruslan bin Nordin	34	-	-	34
Zainal bin Amir	33	-	-	33

*Shares held through company in which the director has substantial financial interests.

Other than as stated above, none of the directors in office at the end of the financial year had any interest in the ordinary shares of the Company and its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivables, by the directors as disclosed in Note 7(b) to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report (continued)

Indemnity to Directors and Officers

The directors and other officers for the time being of the Company acting in relation to any of the affairs of the Company, and their heirs, executors and administrators respectively, shall be indemnified out of the assets of the Company from and against all actions proceedings costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done omitted in or about the execution of their duty in their respective offices, except such (if any) that they shall incur or sustain by or through their own willful neglect or default respectively, and no such officer shall be answerable for the acts, receipts neglects or defaults of any other officer, or for joining in any receipt for the sake of conformity, or for the solvency or honesty of any bankers or other persons with whom any moneys or effects belonging to the Company may be lodged or deposited for safe custody, or for any insufficiency or deficiency of any security upon which any moneys of the Company shall be invested, or for any other loss or damage due to any such cause as aforesaid, or which may happen in or about the execution of his office, unless the same shall happen through the willful neglect or default of such officer.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 11 to the financial statements.

The available auditors' report on the accounts of the subsidiaries did not contain any qualification.

Interest in Holding Company and Other Related Corporations

Other than disclosed elsewhere in this report, the Company does not have any interests in shares in the holding company and its other related corporations during the financial year.

Ultimate Holding Company

The directors regard GFM Global Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company of the Company.

Significant Events During and Subsequent to the End of the Financial Year

Details of significant events during and subsequent to the end of the financial year are disclosed in Note 33 to the financial statements.

Auditors' Remuneration

The details of the auditors' remuneration are disclosed in Note 7 to the financial statements.

Indemnity to Auditors

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

Directors' Report (continued)

Auditors

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

.....

RUSLAN BIN NORDIN
Director

.....

ZAINAL BIN AMIR
Director

12 April 2018

Statements of Comprehensive Income
for the Financial Year Ended 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Revenue	5	**104,369,233**	92,077,013	**11,101,136**	-
Direct costs		**(74,455,615)**	(65,919,732)	**-**	-
Gross profit		**29,913,618**	26,157,281	**11,101,136**	-
Other income	6	**2,067,061**	7,354,300	**354,110**	2,452,593
Administrative expenses		**(13,755,085)**	(10,500,563)	**(3,952,424)**	(2,462,629)
Other expenses		**(2,571,754)**	(4,361,473)	**-**	(4,048,444)
		(16,326,839)	(14,862,036)	**(3,952,424)**	(6,511,073)
Profit/(Loss) from operations		**15,653,840**	18,649,545	**7,502,822**	(4,058,480)
Finance costs		**(1,032,066)**	(907,202)	**-**	-
Profit/(Loss) before tax	7	**14,621,774**	17,742,343	**7,502,822**	(4,058,480)
Tax expense	8	**(4,678,592)**	(4,699,128)	**(805,590)**	(1)
Profit/(Loss) for the financial year		**9,943,182**	13,043,215	**6,697,232**	(4,058,481)
Other comprehensive loss, net of tax					
Item that may be reclassified subsequently to profit or loss					
Fair value adjustment of available-for-sale financial assets		**(6,954)**	(247)	**-**	-
Exchange differences on translation of foreign operation		**6,796**	-	**-**	-
Exchange translation reserve reclassified to profit or loss		**(6,796)**	-	**-**	-
Other comprehensive loss for the financial year		**(6,954)**	(247)	**-**	-
Total comprehensive income/(loss) for the financial year		**9,936,228**	13,042,968	**6,697,232**	(4,058,481)

Statements of Comprehensive Income
for the Financial Year Ended 31 December 2017 (continued)

	Note	Group 2017 RM	Group 2016 RM
Profit attributable to:			
Owners of the Company		**9,943,182**	13,043,215
Total comprehensive income attributable to:			
Owners of the Company		**9,936,228**	13,042,968
Earnings per share attributable to owners of the Company (sen)			
Basic and diluted	9	**2.32**	3.26

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position
as at 31 December 2017

	Note	Group 2017 RM	Group 2016 RM (Restated)	Company 2017 RM	Company 2016 RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	17,207,864	18,035,541	1,023	-
Investment in subsidiaries	11	-	-	40,000,001	40,000,001
Intangible assets	12	28,066,117	29,282,217	-	-
Other investments	13	521,282	528,236	-	-
		45,795,263	47,845,994	40,001,024	40,000,001
Current assets					
Tax recoverable		2,678,433	2,013,243	-	-
Trade receivables	14	17,345,842	15,597,325	-	-
Other receivables, deposits and prepayments	15	8,884,360	10,034,661	981,818	3,990,000
Amount owing from ultimate holding company	16	2,604	-	-	-
Cash and cash equivalents	17	28,301,738	20,428,092	2,204,618	974
		57,212,977	48,073,321	3,186,436	3,990,974
TOTAL ASSETS		103,008,240	95,919,315	43,187,460	43,990,975

Statements of Financial Position
as at 31 December 2017 (continued)

	Note	Group 2017 RM	Group 2016 RM (Restated)	Company 2017 RM	Company 2016 RM
EQUITY AND LIABILITIES					
Equity					
Share capital	18	48,038,545	42,810,294	48,038,545	42,810,294
Share premium	19	-	5,228,251	-	5,228,251
Retained earnings/(Accumulated losses)		62,116,474	58,359,359	(6,004,150)	(6,515,315)
Fair value reserve	20	21,284	28,238	-	-
Reorganisation deficit	21	(45,265,315)	(45,265,315)	-	-
Total Equity		64,910,988	61,160,827	42,034,395	41,523,230
Liabilities					
Non current liabilities					
Borrowings	22	14,441,353	7,642,449	-	-
Deferred tax liabilities	23	4,802,752	5,063,637	-	-
		19,244,105	12,706,086	-	-
Current liabilities					
Borrowings	22	3,017,082	8,125,909	-	-
Tax payable		647,022	5,001	647,022	1
Trade payables	24	6,272,420	6,197,546	-	-
Other payables, deposits and accruals	25	8,916,623	7,151,446	481,870	113,900
Amount owing to subsidiaries	26	-	-	24,173	2,353,844
Amount owing to directors	27	-	572,500	-	-
		18,853,147	22,052,402	1,153,065	2,467,745
Total Liabilities		38,097,252	34,758,488	1,153,065	2,467,745
TOTAL EQUITY AND LIABILITIES		103,008,240	95,919,315	43,187,460	43,990,975

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
for the Financial Year Ended 31 December 2017

	Note	Non-distributable				Distributable	
		Share Capital RM	Share Premium RM	Fair Value Reserve RM	Reorganisation Deficit RM	Retained Earnings RM	Total Equity RM
At 1.1.2016 (unaudited)		100	-	28,485	(1,206,834)	41,257,663	40,079,414
Total comprehensive income for the financial year							
Profit for the financial year		-	-	-	-	13,043,215	13,043,215
Fair value loss on available-for-sale financial assets		-	-	(247)	-	-	(247)
Total comprehensive income		-	-	(247)	-	13,043,215	13,042,968
Transactions with owners							
Share issued for acquisition of subsidiaries	18	41,760,194	2,288,251	-	(40,000,000)	-	4,048,445
Private placement	18	1,050,000	2,940,000	-	-	-	3,990,000
Total transactions with owners		42,810,194	5,228,251	-	(40,000,000)	-	8,038,445
At 31.12.2016		42,810,294	5,228,251	28,238	(41,206,834)	54,300,878	61,160,827
Reclassification of reorganisation deficit previously included in retained earnings	36	-	-	-	(4,058,481)	4,058,481	-
Restated balance at 31.12.2016		42,810,294	5,228,251	28,238	(45,265,315)	58,359,359	61,160,827

Consolidated Statement of Changes in Equity
for the Financial Year Ended 31 December 2017 (continued)

	Note	Non-distributable					Distributable	
		Share Capital RM	Share Premium RM	Fair Value Reserve RM	Reorganisation Deficit RM	Translation Reserve RM	Retained Earnings RM	Total Equity RM
Restated balance at 31.12.2016		42,810,294	5,228,251	28,238	(45,265,315)	-	58,359,359	61,160,827
Total comprehensive income for the financial year								
Profit for the financial year		-	-	-	-	-	9,943,182	9,943,182
Exchange differences on translation of foreign operation		-	-	-	-	6,796	-	6,796
Fair value loss on available-for-sale financial assets		-	-	(6,954)	-	-	-	(6,954)
Exchange translation reserve reclassified to profit or loss		-	-	-	-	(6,796)	-	(6,796)
Total comprehensive income		-	-	(6,954)	-	-	9,943,182	9,936,228
Transaction with owners								
Dividend paid	28	-	-	-	-	-	(6,186,067)	(6,186,067)
Total transaction with owners		-	-	-	-	-	(6,186,067)	(6,186,067)
Transition to no-par value regime	18	5,228,251	(5,228,251)	-	-	-	-	-
At 31.12.2017		48,038,545	-	21,284	(45,265,315)	-	62,116,474	64,910,988

Statement of Changes in Equity
for the Financial Year Ended 31 December 2017

	Note	Share Capital RM	Share Premium RM	Accumulated Losses RM	(Capital Deficiency)/ Total Equity RM
At 31.12.2015		100	-	(2,456,834)	(2,456,734)
Total comprehensive loss for the financial year					
Loss for the financial year, representing total comprehensive loss		-	-	(4,058,481)	(4,058,481)
Transactions with owners					
Share issued for acquisition of subsdiaries	18	41,760,194	2,288,251	-	44,048,445
Private placement	18	1,050,000	2,940,000	-	3,990,000
Total transactions with owners		42,810,194	5,228,251	-	48,038,445
At 31.12.2016		42,810,294	5,228,251	(6,515,315)	41,523,230
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income		-	-	6,697,232	6,697,232
Transactions with owners					
Dividend paid	28	-	-	(6,186,067)	(6,186,067)
Total transaction with owners		-	-	(6,186,067)	(6,186,067)
Transition to no-par value regime	18	5,228,251	(5,228,251)	-	-
At 31.12.2017		48,038,545	-	(6,004,150)	42,034,395

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows
for the Financial Year Ended 31 December 2017 (continued)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash Flows from Operating Activities					
Profit/(Loss) before tax		14,621,774	17,742,343	7,502,822	(4,058,480)
Adjustments for:					
Amortisation of intangible assets		1,216,100	1,216,100	-	-
Bad debts recovered		-	(6,000,000)	-	-
Bad debts written off		268,605	20,240	-	-
Depreciation of property, plant and equipment		338,919	271,149	27	-
Dividend income		-	-	(6,186,067)	-
Gain on disposal of subsidiaries		-	-	(1)	-
Impairment loss on trade receivables		1,912,374	733,289	-	-
Impairment loss on investment in subsidiaries		-	-	-	4,048,444
Interest expense		1,032,066	907,202	-	-
Interest income		(462,302)	(552,289)	(54,109)	-
Loss on disposal of subsidiaries		382,941	-	-	-
Listing status premium		-	3,567,996	-	-
Property, plant and equipment written off		133	-	-	-
Reversal of impairment of trade receivables		(671,987)	(63,371)	-	-
Waiver of debts from subsidiaries		-	-	-	(2,452,593)
Operating profit/(loss) before working capital changes		18,638,623	17,842,659	1,262,672	(2,462,629)
Receivables		(2,135,711)	(1,813,318)	3,008,182	-
Payables		3,152,777	(5,483,471)	367,970	(89,960)
Cash generated from/(used in) operations		19,655,689	10,545,870	4,638,824	(2,552,589)
Interest paid		(1,032,066)	(907,202)	-	-
Interest received		462,302	552,289	54,109	-
Tax paid		(4,950,850)	(6,015,721)	(158,569)	-
Net cash from/(used in) operating activities carried down		14,135,075	4,175,236	4,534,364	(2,552,589)

Statement of Cash Flows
for the Financial Year Ended 31 December 2017 (continued)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Net cash from/(used in) operating activities carried down		**14,135,075**	4,175,236	**4,534,364**	(2,552,589)
Cash Flows from Investing Activities					
Acquisition of subsidiaries for cash, net of cash acquired	11(b)	**-**	3,140	**-**	-
Disposal of subsidiaries, net of cash	11(a)	**(8,182)**	-	**-**	-
Dividend received		**-**	-	**6,186,067**	-
Withdrawal/(Placement) of fixed deposits		**6,068,083**	(2,963,737)	**(2,000,000)**	-
Proceeds from disposal of subsidiaries		**-**	-	**1**	-
Advances to ultimate holding company		**(2,604)**	-	**-**	-
Purchase of property, plant and equipment	10(a)	**(351,168)**	(531,823)	**(1,050)**	-
Net cash from/(used in) investing activities		**5,706,129**	(3,492,420)	**4,185,018**	-
Cash Flows from Financing Activities	(a)				
Dividends paid	28	**(6,186,067)**	-	**(6,186,067)**	-
Drawdown of term loans		**8,000,000**	-	**-**	-
Drawdown of finance lease payables		**194,408**	824,384	**-**	-
Repayment of term loans		**(7,900,450)**	(2,985,834)	**-**	-
Repayment of bank factoring		**-**	(4,275,839)	**-**	-
Advances (to)/from subsidiaries		**-**	-	**(2,329,671)**	2,553,463
Advances to related companies		**-**	(7,040)	**-**	-
Advances to related parties		**-**	(3,132)	**-**	-
Repayment from directors		**-**	100	**-**	100
Net cash (used in)/from financing activities		**(5,892,109)**	(6,447,361)	**(8,515,738)**	2,553,563
Net increase/(decrease) in cash and cash equivalents		**13,949,095**	(5,764,545)	**203,644**	974
Cash and cash equivalents at beginning of the financial year		**6,688,948**	12,453,493	**974**	-
Cash and cash equivalents at end of the financial year	17	**20,638,043**	6,688,948	**204,618**	974

Statement of Cash Flows
for the Financial Year Ended 31 December 2017 (continued)

(a) Reconciliation of liabilities arising from financing activities

	At 1.1.2017 RM	Cash flows RM	Non-cash Movement Acquisition/ (Disposal) RM	At 31.12.2017 RM
Group				
Amount owing to directors	**572,500**	**-**	**(572,500)**	**-**
Term loans	**13,595,631**	**99,550**	**679,885**	**14,375,066**
Finance lease liabilities	**2,165,361**	**194,408**	**723,600**	**3,083,369**
	16,333,492	**293,958**	**830,985**	**17,458,435**
Company				
Amount owing to subsidiaries	**2,353,844**	**(2,329,671)**	**-**	**24,173**

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements
31 December 2017

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur. The principal place of business of the Company is located at Lot 257A, First Floor, Jalan Bandar 12, Taman Melawati, 53100 Kuala Lumpur.

The ultimate holding company of the Company is GFM Global Sdn. Bhd., a private limited company and incorporated in Malaysia.

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are disclosed in Note 11. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 April 2018.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 12	Disclosure of Interest in Other Entities
MFRS 107	Statement of Cash Flows
MFRS 112	Income Taxes

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

Amendments to MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of MFRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

2. BASIS OF PREPARATION (continued)

2.2 Adoption of amendments/improvements to MFRSs (continued)

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities.

The Group and the Company have applied the amendments prospectively and accordingly, have disclosed the reconciliation in Note (a) of the statements of cash flows.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 2	Share-based Payments	1 January 2018
MFRS 3	Business Combinations	1 January 2019
MFRS 4	Insurance Contracts	1 January 2018
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 112	Income Taxes	1 January 2019
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ 1 January 2019/ Deferred
MFRS 140	Investment Property	1 January 2018

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (continued)

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective (continued):

		Effective for financial periods beginning on or after
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs and new IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below.

MFRS 9 Financial Instruments

Key requirement of MFRS 9:

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (continued)

2.3.1 (continued)

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;

(ii) identify the performance obligation in the contract;

(iii) determine the transaction price;

(iv) allocate the transaction price to the performance obligations in the contract;

(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (continued)

2.3.1 (continued)

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

2.3.2 The Group and the Company are currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs and new IC Int.

2. BASIS OF PREPARATION (continued)

2.4 Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest RM, unless otherwise stated.

2.5 Basis of Measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of Estimates and Judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and Company's financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Reorganisation

Acquisition of entities under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company are a continuation of the acquired entity and is accounted for as follows:

- the assets and liabilities of the acquired entity is recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Company and the differences arising from the change in equity structure of the Group will be accounted for in other reserves.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of Consolidation (continued)

(b) Subsidiaries and Business Combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.12(a).

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of Consolidation (continued)

(b) Subsidiaries and Business Combination (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period.The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(c) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate Financial Statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.14(b).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Foreign Currency Transactions and Operations

(a) Translation of Foreign Currency Transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of Foreign Operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non- controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Revenue and Other Income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes.

(a) Rendering of Services

Revenue from services are recognised upon performance of services.

(b) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(c) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(d) Management Fees

Management fees are recognised when the service is rendered.

3.5 Employee Benefits

(a) Short Term Employee Benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as expenses in profit or loss when incurred.

(c) Termination Benefit

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after reporting date are discounted to present value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Borrowing Costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.7 Income Tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current Tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred Tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Income Tax (continued)

(b) Deferred Tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

3.8 Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial Instruments (continued)

(a) Subsequent Measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial Assets

Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(a). Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale Financial Assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

(ii) Financial Liabilities

Other Financial Liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial Instruments (continued)

(b) Regular Way Purchase or Sale of Financial Assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(c) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Property, Plant and Equipment

(a) Recognition and Measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.6.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(b) Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The principal depreciation rates are as follows:

Leasehold land and buildings	2%
Computers	20%
Engineering equipment	20%
Furniture and fittings	10%
Motor vehicles	20%
Office equipment	10%
Renovation	10% - 20%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Capital Work-in-progress

Capital work-in-progress consists of expenditure incurred on the development of accounting software programme by the professional which take a substantial period of time to be ready for their intended use.

Capital work-in-progress is stated at cost during the period of development. No depreciation is provided on capital work-in-progress and upon completion of the development, the cost will be transferred to property, plant and equipment.

3.11 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee Accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

(b) Lessor Accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Goodwill and Other Intangible Assets

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(b).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

(b) Customer Contract

Customer contract acquired in a business combination are recognised at fair value at the acquisition date.

Subsequent to recognition, customer contract is stated at cost less accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(b).

Amortisation of customer contract is provided for on a straight-line basis over the contract period of twenty-one years. The residual value, useful lives and amortisation methods are reviewed at the end of each reporting period.

3.13 Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.14 Impairment of Assets

(a) Impairment and Uncollectibility of Financial Assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Impairment of Assets (continued)

(a) Impairment and Uncollectibility of Financial Assets (continued)

Loans and Receivables

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale Financial Assets

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Impairment of Assets (continued)

(a) Impairment and Uncollectibility of Financial Assets (continued)

Available-for-sale Financial Assets (continued)

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

(b) Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Impairment of Assets (continued)

(b) Impairment of Non-Financial Assets (continued)

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.15 Share Capital

Ordinary Shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.16 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.17 Earnings Per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Managing Director of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.19 Fair Value Measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following.

(a) Impairment of Goodwill

The Group assesses at each reporting date whether there is any indication that goodwill may be impaired. For the purpose of assessing impairment, assets (including goodwill) are grouped at the lowest level where there are separately identifiable cash flows (cash-generating units). In determining the value-in-use of a cash-generating unit, the directors estimate the discounted cash flows using reasonable and supportable inputs about sales, costs of sales and other expenses based on past experience, current events and reasonably possible future developments. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 12.

(b) Impairment of Non-financial Assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's and the Company's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions and other available information. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's and the Company's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the non-financial assets of the Group and of the Company are disclosed in Notes 10, 11 and 12.

(c) Contingent Liabilities

The Group exercises judgement in measuring and recognising in provisions and the exposure to contingent liabilities related to pending litigation or other outstanding claims. Judgement is required to assess the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of any financial settlement. The inherent uncertainty of such matters means that actual losses may materially differ from estimates.

The information on the contingent liabilities are disclosed in Note 35.

5. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Consultancy	3,037,050	963,027	-	-
Dividend	-	-	6,186,067	-
Facilities management services	86,358,012	79,661,094	-	-
Management fees	-	-	4,915,069	-
Reimbursement claim	1,344,788	1,060,759	-	-
Repair work	23,939	68,221	-	-
Variation order	13,605,444	10,323,912	-	-
	104,369,233	92,077,013	11,101,136	-

6. OTHER INCOME

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Bad debts recovered	-	6,209,557	-	-
Compensation received	496,779	444,679	-	-
Gain on disposal of subsidiaries	-	-	1	-
Incentives for pre-listing fees	300,000	-	300,000	-
Interest income on fixed deposit	462,302	552,289	54,109	-
Rental income	6,250	-	-	-
Reversal of impairment of trade receivable	671,987	63,371	-	-
Waiver of debt from subsidiaries	-	-	-	2,452,593
Miscellaneous	129,743	84,404	-	-
	2,067,061	7,354,300	354,110	2,452,593

7. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving at profit/(loss) before tax:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Amortisation of intangible assets	1,216,100	1,216,100	-	-
Auditors' remuneration				
- Current year				
- Statutory audit	191,866	144,000	47,000	45,000
- Other services	45,000	45,000	45,000	45,000
Bad debts written off	268,605	20,240	-	-
Depreciation of property, plant and equipment	338,919	271,149	27	-
Employee benefits expense [Note (a)]	28,531,796	23,757,653	1,000,092	13,500
Impairment loss on trade receivables	1,912,374	733,289	-	-
Impairment loss on investment in subsidiaries	-	-	-	4,048,444
Interest expense:				
- Finance lease	244,373	72,194	-	-
- Term loans	665,850	716,623	-	-
- Bank factoring	29,159	89,004	-	-
- Bank guarantee	62,849	-	-	-
- Bank overdraft	29,835	29,381	-	-
Listing status premium	-	3,567,996	-	-
Loss on disposal of subsidiaries	382,941	-	-	-
Property, plant and equipment written off	133	-	-	-
Rental of premises	258,688	260,685	-	-
Rental of equipment	368,694	273,646	-	-

7. PROFIT/(LOSS) BEFORE TAX (continued)

(a) Employee benefits expense

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, bonus, wages, allowance and overtime	23,383,063	18,967,354	491,896	-
Directors' remuneration [Note (b)]	1,091,386	878,850	266,300	13,500
Contribution to defined contribution plan	2,464,984	2,112,303	70,720	-
Social security contributions	291,013	263,853	-	-
Termination benefits	8,223	2,155	-	-
Other benefits	1,293,127	1,533,138	171,176	-
	28,531,796	23,757,653	1,000,092	13,500

(b) The remuneration of the directors are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors' remuneration				
- Fees	244,800	12,000	244,800	12,000
- Other emoluments	846,586	866,850	21,500	1,500
	1,091,386	878,850	266,300	13,500

The monetary value of benefit-in-kind of the Group provided to certain directors amounted to RM11,317 (2016: RM13,486).

8. TAX EXPENSE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current tax expense:				
Malaysian income tax:				
Based on result for the financial year	4,933,185	5,044,778	805,590	-
Under/(Over) provision in prior financial years	6,292	(88,502)	-	1
	4,939,477	4,956,276	805,590	1
Deferred tax (Note 23):				
Reversal and origination of temporary differences	(258,945)	(272,512)	-	-
(Over)/Under provision in prior financial years	(1,940)	15,364	-	-
	(260,885)	(257,148)	-	-
Tax expense recognised in profit or loss	4,678,592	4,699,128	805,590	1

The reconciliation from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit/(Loss) before tax	14,621,774	17,742,343	7,502,822	(4,058,480)
Tax at the statutory income tax rate of 24% (2016: 24%)	3,509,226	4,258,162	1,800,677	(974,035)
Tax effect on non-deductible expenses	1,809,675	1,726,638	574,801	977,824
Tax effect on non-taxable income	(352,797)	(1,505,503)	(1,569,888)	(588,622)
Tax effect on crystallisation of deferred tax	(291,864)	(291,864)	-	-
Deferred tax assets not recognised during the year	-	584,833	-	584,833
Under/(Over) provision in prior financial years				
- current tax	6,292	(88,502)	-	1
- deferred tax	(1,940)	15,364	-	-
Tax expense recognised in profit or loss	4,678,592	4,699,128	805,590	1

8. TAX EXPENSE (continued)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2016:24%) of the estimated assessable profit for the financial year.

In the previous financial year, the Group has unabsorbed capital allowances of RM3,496 carried forward, available for set-off against future taxable profits of the Group.

9. EARNINGS PER SHARE

Basic earnings per share of the Group is calculated by dividing profit for the financial year attributable to owners of Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2017 RM	**2016 RM**
Profit for the financial year attributable to owners of the Company	**9,943,182**	13,043,215
Weighted average number of ordinary shares for basic earnings per share computation	**428,102,942**	400,308,976
Basic earnings per ordinary share (sen)	**2.32**	3.26

The diluted earnings per ordinary share of the Group for the financial years ended 31 December 2017 and 31 December 2016 are same as the basic earnings per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM	Leasehold Land and Buildings RM	Computers RM	Engineering Equipment RM	Furniture and Fittings RM	Motor Vehicles RM	Office Equipment RM	Renovation RM	Building under construction RM	Capital Work-in-progress RM	Total RM
Group											
Cost											
At 1.1.2017	6,174,000	2,230,000	68,500,763	487,868	561,341	689,609	1,029,055	402,712	7,676,631	961,800	88,713,779
Additions	-	-	205,992	55,097	16,252	282,622	49,871	7,334	679,885	457,600	1,754,653
Written off	-	-	(2,397,565)	-	(222,102)	-	(794,002)	(257,857)	-	-	(3,671,526)
Disposal of subsidiaries (Note 11)	-	(2,230,000)	(65,185,435)	-	(122,030)	-	(4,879)	(1,043)	-	-	(67,543,387)
At 31.12.2017	6,174,000	-	1,123,755	542,965	233,461	972,231	280,045	151,146	8,356,516	1,419,400	19,253,519
Accumulated Depreciation											
At 1.1.2017	-	-	68,221,546	346,748	431,648	441,093	927,162	310,041	-	-	70,678,238
Charge for the financial year	-	13,180	106,673	56,263	29,026	102,757	21,306	9,714	-	-	338,919
Written off	-	-	(2,397,525)	-	(222,066)	-	(793,949)	(257,853)	-	-	(3,671,393)
Disposal of subsidiaries (Note 11)	-	(13,180)	(65,185,435)	-	(95,221)	-	(5,230)	(1,043)	-	-	(65,300,109)
At 31.12.2017	-	-	745,259	403,011	143,387	543,850	149,289	60,859	-	-	2,045,655
Net Carrying Amount											
At 31.12.2017	6,174,000	-	378,496	139,954	90,074	428,381	130,756	90,287	8,356,516	1,419,400	17,207,864

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold Land RM	Leasehold Land and Buildings RM	Computers RM	Engineering Equipment RM	Furniture and Fittings RM	Motor Vehicles RM	Office Equipment RM	Renovation RM	Building under construction RM	Capital Work-in-progress RM	Total RM
Group											
Cost											
At 1.1.2016	-	-	760,091	436,095	210,599	504,531	197,347	47,949	5,005,343	-	7,161,955
Acquisition of subsidiaries (Note 11)	-	2,230,000	67,583,000	-	344,132	-	798,881	258,900	-	-	71,214,913
Additions	6,174,000	-	157,672	51,773	6,610	185,078	32,827	95,863	2,671,288	961,800	10,336,911
At 31.12.2016	6,174,000	2,230,000	68,500,763	487,868	561,341	689,609	1,029,055	402,712	7,676,631	961,800	88,713,779
Accumulated Depreciation											
At 1.1.2016	-	-	541,536	283,069	108,373	369,338	110,004	47,949	-	-	1,460,269
Acquisition of subsidiaries (Note 11)	-	-	67,582,960	-	306,191	-	798,773	258,896	-	-	68,946,820
Charge for the financial year	-	-	97,050	63,679	17,084	71,755	18,385	3,196	-	-	271,149
At 31.12.2016	-	-	68,221,546	346,748	431,648	441,093	927,162	310,041	-	-	70,678,238
Net Carrying Amount											
At 31.12.2016	6,174,000	2,230,000	279,217	141,120	129,693	248,516	101,893	92,671	7,676,631	961,800	18,035,541

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Computer RM
Company	
Cost	
At 1.1.2017	-
Additions	1,050
At 31.12.2017	1,050
Accumulated depreciation	
At 1.1.2017	-
Charge for the financial year	27
At 31.12.2017	27
Net Carrying Amount	
At 31.12.2017	1,023

(a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM1,754,653 (2016: RM10,336,911) and RM1,050 (2016: Nil) which are satisfied by the following:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash payments	351,168	531,823	1,050	-
Contra for debt settlement	-	6,000,000	-	-
Finance lease arrangement	723,600	1,149,849	-	-
Term loans	679,885	2,655,239	-	-
	1,754,653	10,336,911	1,050	-

(b) The net carrying amount of property, plant and equipment acquired under the finance lease arrangements as at end of the financial year are as follows:

	Group	
	2017 RM	2016 RM
Capital work-in-progress	1,419,400	961,800
Motor vehicles	428,381	248,516
	1,847,781	1,210,316

10. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) The net carrying amount of property, plant and equipment pledged to the financial institutions as security for term loan facilities (Note 22) are as follows:

	Group	
	2017 RM	2016 RM
Freehold land	6,174,000	-
Building under construction	8,356,516	7,676,631
	14,530,516	7,676,631

(d) The remaining purchase consideration for the acquisition of building under construction is disclosed as capital commitments in Note 30 to the financial statements.

(e) Included in property, plant and equipment of the Group are borrowing cost capitalised in the building under construction during the financial year as follows:

	Group	
	2017 RM	2016 RM
Borrowing costs capitalised	290,546	234,134

11. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM	2016 RM
Unquoted shares, at cost	40,000,001	44,048,445
Less: Accumulated impairment loss	-	(4,048,444)
At 31 December	40,000,001	40,000,001

Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2017	Effective Equity Interest 2016
Global Facilities Management Sdn. Bhd. ("GFMSB")	Malaysia	Provision of facilities operations, maintenance and management and engineering services	100%	100%
asiaEP Resources Berhad ("asiaEP")	Malaysia	Providing e-commerce solutions and developing an e-market place for both local an international enterprises	-	100%
GFM Solutions Sdn. Bhd.	Malaysia	Facilities consultancy and advisory services	100%	100%

11. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows (continued):

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2017	Effective Equity Interest 2016
Subsidiary of GFMSB				
Everfine FMS Sdn. Bhd.	Malaysia	Facilities management services	100%	100%
Subsidiaries of asiaEP				
asiaEP Hong Kong Ltd.*	Hong Kong	Dormant - development and provision of e-business solutions services	-	100%
asiaEP eMarkertplace Sdn. Bhd.	Malaysia	Dormant - intended activity is to provide e-commerce solutions and e-market platform	-	100%
Defined Search Sdn. Bhd.	Malaysia	Dormant - to provide internet search engine services	-	100%
Smart Infra Sdn. Bhd.	Malaysia	Dormant - intended activity is to provide online marketing solutions	-	100%

* Audited by auditors other than Baker Tilly Monteiro Heng

2017

(a) Disposal of asiaEP

On 24 August 2017, the Company has entered into a share sale agreement to dispose of its holding in the entire issued and paid-up capital of its wholly-owned subsidiary, asiaEP Resources Berhad ("asiaEP") to Blueleap Sdn. Bhd. for a cash consideration of RM1.

The disposal was completed on 9 October 2017.

11. INVESTMENT IN SUBSIDIARIES (continued)

(a) Disposal of asiaEP (continued)

	Note	RM
Property, plant and equipment	10	2,243,278
Receivables		28,503
Cash and cash equivalents		8,183
Payables		(1,890,226)
Net assets		389,738
Cash consideration received		(1)
		389,737
Exchange translation reserve reclassified to profit or loss		(6,796)
Loss on disposal of investment in subsidiaries		382,941

	RM
Cash consideration received	1
Cash and cash equivalents	(8,183)
Net cash outflow arising from disposal	(8,182)

2016

(b) Acquisition of GFMSB

On 30 April 2013, the Company had entered into a conditional agreement to acquire the entire equity interests in GFMSB of 1,250,000 ordinary shares of RM1.00 each for a total purchase consideration of RM40,000,001 to be satisfied wholly by the issuance of 400,000,010 ordinary shares of RM0.10 each. The said acquisition was completed on 20 December 2016 and GFMSB become a wholly-owned subsidiary of the Company.

In substance, GFMSB is the accounting acquirer although legally the Company is regarded as the legal parent and GFMSB is regarded as the legal subsidiary as GFMSB has the power to govern the financial and operating policies of the Company so as to obtain benefits from its activities.

11. INVESTMENT IN SUBSIDIARIES (continued)

(b) Acquisition of GFMSB (continued)

Accordingly, the consolidated financial statements of the Group prepared following a reverse acquisition represent a continuation of the financial statements of GFMSB (the legal subsidiary and acquirer for accounting purposes). Under the reverse accounting:-

(i) the assets and liabilities of the accounting acquirer, GFMSB, is recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;

(ii) the retained earnings and other equity balances of GFMSB immediately before the business combination are those of the Group; and

(iii) the equity structure, however, reflects the equity structure of the Company and the differences arising from the change in equity structure of the Group will be accounted for in other reserves.

(c) Acquisition of asiaEP

On 30 April 2013, the Company had entered into a conditional agreement to exchange entire issued and paid-up share capital in asiaEP comprising 40,484,445 ordinary shares of RM0.10 each for 17,601,932 new ordinary shares of the Company at an issue price of RM0.10 per ordinary share of the Company for every two point three ordinary shares held in asiaEP (hereinafter referred to as the "Share Exchange"). The said Share Exchange was completed on 28 December 2016 and asiaEP become a wholly-owned subsidiary of the Company.

(i) Fair value of consideration transferred

	RM
17,601,932 ordinary shares of the company	4,048,444

(ii) Fair value of the identifiable assets acquired and liabilities recognised:

	RM
Property, plant and equipment (Note 10)	2,268,093
Trade and other receivables	36,136
Cash and cash equivalents	3,140
	2,307,369
Trade and other payables	(1,249,421)
Tax payable	(5,000)
Amount owing to directors	(572,500)
Total identifiable assets	480,448
Listing status premium (Note 7)	3,567,996
	4,048,444

11. INVESTMENT IN SUBSIDIARIES (continued)

(c) Acquisition of asiaEP (continued)

(iii) Effects of acquisition on cash flows:

	RM
Fair value of consideration transferred	4,048,444
Less: Non-cash consideration	(4,048,444)
Consideration paid in cash	-
Less: Cash and cash equivalent of the subsidiaries acquired	(3,140)
Net cash inflow on acquisition	(3,140)

(iv) Effects of acquisition in statements of comprehensive income:

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	RM
Revenue	-
Profit for the financial year	-

If the acquisition had occurred on 1 January 2016, the consolidated results for the financial year ended 31 December 2016 would have been as follows:

	RM
Revenue	100,174
Profit for the financial year	8,133,102

12. INTANGIBLE ASSETS

	Goodwill RM	Customer contracts RM	Total RM
Group			
Cost			
At 1.1.2017/31.12.2017	8,608,517	24,322,000	32,930,517
Accumulated Amortisation			
At 1.1.2017	-	3,648,300	3,648,300
Amortisation charge for the financial year	-	1,216,100	1,216,100
At 31.12.2017	-	4,864,400	4,864,400
Net Carrying Amount			
At 31.12.2017	8,608,517	19,457,600	28,066,117

12. INTANGIBLE ASSETS

	Goodwill RM	Customer contracts RM	Total RM
Group			
Cost			
At 1.1.2016/31.12.2016	8,608,517	24,322,000	32,930,517
Accumulated Amortisation			
At 1.1.2016	-	2,432,200	2,432,200
Amortisation charge for the financial year	-	1,216,100	1,216,100
At 31.12.2016	-	3,648,300	3,648,300
Net Carrying Amount			
At 31.12.2016	8,608,517	20,673,700	29,282,217

(a) Goodwill and customer contracts are tested for impairment by comparing the carrying amount with the recoverable amount of the CGU based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGU based on the following key assumptions:

	2017 %	2016 %
Gross profit margin	30.00	30.00
Growth rate	2.70	3.20
Discount rate	16.06	13.15

(i) Cash flows are projected based on 17 years financial budget approved by the Company.

(ii) Gross profit margin and growth rate – These are based on the facilities management services agreement between Unitapah Sdn. Bhd. ("Unitapah") and the subsidiary dated 17 March 2014.

Unitapah has appointed the subsidiary for the maintenance works of the facilities and infrastructure of Universiti Teknologi Mara.

(iii) Discount rate used for cash flows discounting purpose is the industry weighted average cost of capital. The discount rate applied to the cash flow projections is pre-tax and reflects management's estimates of the risk specific to the CGU at the date of assessment.

(iv) There is no significant changes in maintenance income.

Sensitivity to Changes in Assumptions

The management believes that no reasonable possible changes in any of the key assumptions above will cause the carrying amount to materially exceed its recoverable amount.

13. OTHER INVESTMENTS

	Group	
	2017 RM	2016 RM
Carrying amount Non-current		
Available-for-sale financial assets - Retail bond investment	**521,282**	528,236
Market value of quoted investment	**521,282**	528,236

14. TRADE RECEIVABLES

	Group	
	2017 RM	2016 RM
External parties	**19,319,518**	16,695,336
Less: Allowance for impairment loss	**(1,973,676)**	(1,145,008)
	17,345,842	15,550,328
Retention sum	**-**	46,997
	17,345,842	15,597,325

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2016: 30 to 60 days) credit terms. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

Ageing Analysis of Trade Receivables

The ageing analysis of the Group's trade receivables is as follows:

	2017 RM	2016 RM
Neither past due nor impaired	**10,648,293**	10,113,901
1 to 30 days past due not impaired	**1,762,024**	2,978,196
31 to 60 days past due not impaired	**1,198,390**	1,597,728
61 to 90 days past due not impaired	**207,080**	292,724
91 to 120 days past due not impaired	**523,460**	536,552
More than 121 days past due not impaired	**3,006,595**	31,227
	6,697,549	5,436,427
Impaired	**1,973,676**	1,145,008
	19,319,518	16,695,336

Receivables that are neither Past Due nor Impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

14. TRADE RECEIVABLES (continued)

Ageing Analysis of Trade Receivables (continued)

Receivables that are Past Due but Not Impaired

The Group have trade receivables amounting to RM6,697,549 (2016: RM5,436,427) that are past due at the reporting date but not impaired.

The directors of the Company of the opinion that no allowance for impairment is necessary in respect of the remaining receivables that are past due but not impaired as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Receivables that Impaired

The trade receivables that are impaired at the reporting date and the movement of allowance accounts used to record the impairment are as follows:

	Individually impaired Group	
	2017 RM	2016 RM
Trade receivables	**5,062,531**	3,041,833
Less: Allowance for impairment loss	**(1,973,676)**	(1,145,008)
	3,088,855	1,896,825

Movement in allowance account:

	Group	
	2017 RM	2016 RM
At 1 January	**1,145,008**	830,988
Charge for the financial year (Note 7)	**1,912,374**	733,289
Acquisition of subsidiaries	**-**	411,719
Disposal of subsidiaries	**(411,719)**	-
Reversal of impairment loss (Note 6)	**(671,987)**	(63,371)
Written off	**-**	(767,617)
At 31 December	**1,973,676**	1,145,008

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Third parties	224,188	4,198,244	86,411	3,990,000
Accrued billings	7,121,398	5,193,465	422,369	-
GST refundable	580,988	316,180	61,188	-
Deposits	656,897	261,956	410,000	-
Prepayments	300,889	64,816	1,850	-
	8,884,360	10,034,661	981,818	3,990,000

16. AMOUNT OWING FROM ULTIMATE HOLDING COMPANY

This amount is non-trade in nature, unsecured, interest-free and repayable on demand by cash and cash equivalents.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	19,988,043	6,694,636	204,618	974
Deposits with licensed banks [Note (a)]	8,313,695	13,733,456	2,000,000	-
Cash and cash equivalents as presented in Statements of Financial Position	28,301,738	20,428,092	2,204,618	974
Less: Bank overdraft	-	(7,366)	-	-
Deposits pledged security [Note (b)]	(5,563,695)	(9,731,778)	-	-
Deposits with maturity period more than 3 months	(2,100,000)	(4,000,000)	(2,000,000)	-
Cash and cash equivalents as presented in Statements of Cash Flows	20,638,043	6,688,948	204,618	974

(a) Deposits with licensed banks of the Group and of the Company bear effective interest at rates ranging from 2.95% to 4.00% (2016: 2.95% to 3.50%) per annum with maturity period ranging from 30 to 365 days (2016: 4 to 365 days).

(b) Deposits with licensed banks are pledged as securities for banking facilities granted to the Group as disclosed in Note 22.

18. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2017 Unit	2016 Unit	2017 RM	2016 RM
Authorised:				
At 31 December	-	1,000,000,000	-	100,000,000
Issued and fully paid up:				
At 1 January	428,102,942	1,000	42,810,294	100
Issued during the financial year	-	428,101,942	-	42,810,194
Transition to no-par value regime:				
- Share premium	-	-	5,228,251	-
At 31 December	428,102,942	428,102,942	48,038,545	42,810,294

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account of RM5,228,251 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM5,228,251 for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

In previous financial year, the Company:

(a) issued 400,000,010 new ordinary shares of RM0.10 each for the acquisition of subsidiaries as disclosed in Note 11(b) to the financial statements;

(b) exchange 40,484,445 ordinary shares of RM0.10 each for 17,601,932 new ordinary shares of RM0.10 each for every two point three ordinary shares for the acquisition of subsidiaries as disclosed in Note 11(c) to the financial statements; and

(c) private placement of 10,500,000 new ordinary shares of RM0.10 each.

19. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. Pursuant to Section 618(2) of the Act, the sum of RM5,228,251 standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital as disclosed in Note 18.

20. FAIR VALUE RESERVE

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

21. REORGANISATION DEFICIT

	Group	
	2017 RM	2016 RM (Restated)
Reorganisation deficit		
At 1 January [Note (a)]	(45,265,315)	(5,265,315)
Effect of acquisition of GFMSB	-	(40,000,000)
At 31 December [Notes (a) and (b)]	(45,265,315)	(45,265,315)

(a) In previous financial year, the Company has accounted for the acquisition of GFMSB as a continuation of the acquired entity. Therefore, the share capital of GFMSB is reflected as reorganisation deficit as at 1 January 2016 and 31 December 2016.

(b) In previous financial year, the Company completed its Pre-IPO Reorganisation on 20 December 2016. Consequently, capital reorganisation deficit represents the difference between the purchase consideration to acquire GFMSB and the share capital of GFMSB as at 31 December 2017.

22. BORROWINGS

	Group	
	2017 RM	2016 RM
Non-current		
Term loans [Note (a)]	12,630,965	6,092,405
Finance lease payables [Note (b)]	1,810,388	1,550,044
	14,441,353	7,642,449
Current		
Term loans [Note (a)]	1,744,101	7,503,226
Finance lease payables [Note (b)]	1,272,981	615,317
Bank overdraft [Note (c)]	-	7,366
	3,017,082	8,125,909
	17,458,435	15,768,358

22. BORROWINGS (continued)

(a) Term Loans

	Group	
	2017 RM	2016 RM
Current		
Term loan I	64,373	62,049
Term loan II	-	7,441,177
Term loan III	226,568	-
Term loan IV	1,453,160	-
	1,744,101	7,503,226
Non-current		
Term loan I	51,471	114,259
Term loan II	-	1
Term loan III	6,573,232	5,978,145
Term loan IV	6,006,262	-
	12,630,965	6,092,405
	14,375,066	13,595,631

Term loans are repayable in the following periods:

	Group	
	2017 RM	2016 RM
Current liabilities		
- Within one year	1,744,101	7,503,226
Non-current liabilities		
- Between two and five years	6,917,694	1,094,425
- More than five years	5,713,271	4,997,980
	12,630,965	6,092,405
	14,375,066	13,595,631

Term Loan I

Term loan I bears interest at 7.10% (2016: 7.10%) per annum and is repayable by monthly installments of RM5,901 over 59 months and last installment of the remaining loan balance, commencing from the day of full drawdown of term loan.

The term loan is secured by the followings:

(i) a fixed deposit (Note 17); and

(ii) joint and several guaranteed by several directors of the Company.

22. BORROWINGS (continued)

(a) Term Loans (continued)

Term Loan II

Term loan II bore interest at 8.10% per annum and is repayable quarterly by 20 installments of RM607,500, commencing from the day of full drawdown of term loan.

In previous financial year, the term loan was secured by the followings:

(i) a debenture incorporating by way of a fixed and floating charge over all of the customer's present and future assets, rights, interests and undertaking; and

(ii) cash deposit of RM1,000,000 placed on-lien to be secured by way of memorandum of charge in favour of Malaysia Building Society Berhad.

Term Loan III

Term loan III bears interest at 4.40% (2016: 4.40%) per annum and is repayable by monthly installments of RM41,128 over 299 months and last installment of the remaining loan balance, commencing from the day of full drawdown of term loan.

The term loan is secured by the followings:

(i) a Deed of Assignment over 6 units office suites held under Master Title GRN 310510, Lot 29242 Seksyen 1 in Bandar Ulu Kelang, Daerah Gombak, Negeri Selangor (Note 10); and

(ii) joint and several guaranteed by several directors of the Company.

Term Loan IV

Term loan IV bears interest at 7.71% (2016: Nil) per annum and is repayable by monthly installments of RM163,724 over 60 months, commencing from the day of full drawdown of term loan.

The term loan is secured by the followings:

(i) a first party all monies first legal charge over the freehold land (Note 10);

(ii) a Deed of Assignment over the contract proceeds from the subsidiary; and

(iii) joint and several guaranteed by several directors of the Company.

22. BORROWINGS (continued)

(b) Finance Lease Payables

	Group	
	2017 RM	2016 RM
Total installment payments	3,384,252	2,429,757
Less: Future finance charges	(300,883)	(264,396)
Total present value of finance lease payables	3,083,369	2,165,361
Represented by:		
Payable within one year		
Total installment payments	1,439,086	743,645
Less: Future finance charges	(166,105)	(128,328)
Present value of finance lease payables	1,272,981	615,317
Payable after one year but not later than five years		
Total installment payments	1,857,523	1,635,831
Less: Future finance charges	(131,701)	(134,651)
Present value of finance lease payables	1,725,822	1,501,180
More than five years		
Total installment payments	87,643	50,281
Less: Future finance charges	(3,077)	(1,417)
Present value of finance lease payables	84,566	48,864
Total present value of finance lease payables	3,083,369	2,165,361
Analysed as:-		
Payable within one year	1,272,981	615,317
Payable after one year	1,810,388	1,550,044
	3,083,369	2,165,361

The finance lease payables bear effective interest at rates ranging from 2.42% to 17.50% (2016: 4.55% to 17.50%) per annum.

(c) Bank Overdraft

The bank overdraft bore interest at rates ranging from 7.10% to 8.10% per annum.

In previous financial year, the bank overdraft was secured by the followings:-

(i) pledge of 1st party Fixed Return Investment Account-I (FRIA-i) Certificate at Maturity Returns principal amount of not less than RM250,000; and

(ii) joint and severally guaranteed by all directors of the Company.

23. DEFERRED TAX LIABILITIES

	Group	
	2017 RM	2016 RM
At 1 January	5,063,637	5,320,785
Recognised in profit or loss (Note 8)	(260,885)	(257,148)
At 31 December	4,802,752	5,063,637

This is in respect of estimated deferred tax (assets)/liabilities arising from temporary differences as follows:

	Group	
	2017 RM	2016 RM
Deferred tax assets		
Unabsorbed capital allowances	-	(829)
Deferred tax liabilities		
Differences between the carrying amount of property, plant and equipment and its tax base	132,928	102,778
Customer contract	4,669,824	4,961,688
	4,802,752	5,064,466
	4,802,752	5,063,637

24. TRADE PAYABLES

The normal trade credit terms granted by the trade creditors to the Group ranging from 30 to 90 (2016: 30 to 90) days.

25. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other payables	2,850,352	3,575,344	4,978	23,000
GST payables	999,685	568,591	128,549	-
Deposits received	247,900	3,750	-	-
Accruals	4,818,686	3,003,761	348,343	90,900
	8,916,623	7,151,446	481,870	113,900

26. AMOUNT OWING TO SUBSIDIARIES

This amount is non-trade in nature, unsecured, interest-free and repayable on demand by cash and cash equivalents.

27. AMOUNT OWING TO DIRECTORS

This amount was non-trade in nature, unsecured, interest-free and repayable on demand by cash and cash equivalents.

28. DIVIDENDS

	2017 RM	2016 RM
Single tier first and final dividend of 1.445 sen per ordinary share in respect of the financial year ended 31 December 2016, paid on 18 June 2017	6,186,067	-

29. FINANCIAL INSTRUMENTS

(a) Categories of Financial Instruments

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial assets				
Available-for-sale financial assets				
Other investments	521,282	528,236	-	-
Loan and receivables				
Trade receivables	17,345,842	15,597,325	-	-
Other receivables and deposits, net of prepayments and GST refundable	8,002,483	9,653,665	918,780	3,990,000
Amount owing from ultimate holding company	2,604	-	-	-
Cash and cash equivalents	28,301,738	20,428,092	2,204,618	974
	54,173,949	46,207,318	3,123,398	3,990,974
Financial liabilities				
Other financial liabilities				
Trade payables	6,272,420	6,197,546	-	-
Other payables, deposits and accruals, net of GST payables	7,916,938	6,582,855	353,321	113,900
Borrowings	17,458,435	15,768,358	-	-
Amount owing to subsidiaries	-	-	24,173	2,353,844
Amount owing to directors	-	572,500	-	-
	31,647,793	29,121,259	377,494	2,467,744

29. FINANCIAL INSTRUMENTS (continued)

(b) Financial Risk Management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows. The Group and the Company operate within clearly defined guidelines that are approved by the Board of Directors. It is, and has been throughout the current and previous financial year, the Group's and Company's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below.

(i) Credit Risk

Trade and Other Receivables

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade and other receivables is represented by their carrying amounts in the statements of financial position.

The carrying amount of trade and other receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group and the Company use ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 14. Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. A significant portion of these trade receivables are regular customers that have been transacting with the Group and the Company. Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. Impairment are made on specific receivables when there is objective evidence that the Group and the Company will not be able to collect all amounts due.

The Group and the Company monitor the results of the subsidiaries and related companies in determining the recoverability of these intercompany balances.

29. FINANCIAL INSTRUMENTS (continued)

(b) Financial Risk Management (continued)

(i) Credit Risk (continued)

Trade and Other Receivables (continued)

Credit Risk Concentration Profile

As at 31 December 2017, there were 1 (2016: 2) major customers that accounted for 10% or more of the Group's total trade receivables and the total outstanding balances due from these major customer(s) amounted to RM6,144,055 (2016: RM6,763,907).

Other Financial Assets

For other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements.

29. FINANCIAL INSTRUMENTS (continued)

(b) Financial Risk Management (continued)

(ii) Liquidity Risk (continued)

Maturity Analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

		Undiscounted Contractual Cash Flows				
	Carrying amount RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 Years RM	Total RM
Group						
2017						
Financial liabilities:						
Trade payables	6,272,420	6,272,420	-	-	-	6,272,420
Other payables, deposits and accruals, net of GST payables	7,916,938	7,916,938	-	-	-	7,916,938
Finance lease payables	3,083,369	1,439,086	1,100,843	756,680	87,643	3,384,252
Term loans	14,375,066	2,554,357	2,511,282	6,335,547	7,779,322	19,180,508
	31,647,793	18,182,801	3,612,125	7,092,227	7,866,965	36,754,118
2016						
Financial liabilities:						
Trade payables	6,197,546	6,197,546	-	-	-	6,197,546
Other payables, deposits and accruals, net of GST payables	6,582,855	6,582,855	-	-	-	6,582,855
Amount owing to directors	572,500	572,500	-	-	-	572,500
Finance lease payables	2,165,361	743,645	737,196	898,635	50,281	2,429,757
Term loans	13,595,631	8,169,201	590,123	1,529,150	6,045,064	16,333,538
Bank overdraft	7,366	7,366	-	-	-	7,366
	29,121,259	22,273,113	1,327,319	2,427,785	6,095,345	32,123,562

29. FINANCIAL INSTRUMENTS (continued)

(b) Financial Risk Management (continued)

(ii) Liquidity Risk (continued)

Maturity Analysis (continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows: (continued)

		Undiscounted Contractual Cash Flows				
	Carrying amount RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 Years RM	Total RM
Company						
2017						
Financial liabilities:						
Other payables, deposits and accruals, net of GST payables	353,321	353,321	-	-	-	353,321
Amount owing to subsidiaries	24,173	24,173	-	-	-	24,173
	377,494	377,494	-	-	-	377,494
2016						
Financial liabilities:						
Other payables, deposits and accruals, net of GST payables	113,900	113,900	-	-	-	113,900
Amount owing to subsidiaries	2,353,844	2,353,844	-	-	-	2,353,844
	2,467,744	2,467,744	-	-	-	2,467,744

29. FINANCIAL INSTRUMENTS (continued)

(b) Financial Risk Management (continued)

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments would fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk relates to interest bearing financial assets and financial liabilities. Interest bearing financial assets includes bank balances and deposits with licensed banks. Interest bearing financial liabilities includes bank overdraft, term loans and finance lease payables.

The borrowings of RM14,375,066 (2016: RM13,602,997) at floating rates expose the Group to cash flow interest rate risk whilst finance lease payables of RM3,083,369 (2016: RM2,165,361) at fixed rates expose the Groupto fair value interest rate risk.

The Group adopts a strategy of mixing fixed and floating rate borrowing to minimise exposure to interest rate risk. The Group also reviews its debt portfolio to ensure favourable rates are obtained.

Sensitivity Analysis for Interest Rate Risk

If the interest rate had been 50 basis point higher/lower and all other variables held constant, the Group's profit net of tax would decrease/increase by RM54,625 (2016: RM51,691) as a result of exposure to floating rate borrowings after setting off with interest bearing bank balances.

(c) Fair Value Measurement

The fair value of the following classes of financial assets and liabilities are as follows:

(i) Cash and Cash Equivalents, Receivables and Payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial assets and liabilities.

(ii) Other Investments

The fair value of retail bond investment quoted in an active market is determined by reference to the quoted closing bid price at the reporting date.

(iii) Borrowings

The carrying amounts of bank overdraft is reasonable approximation of fair values due to the short term nature of thesefinancial instruments.

The carrying amounts of long-term floating rate term loans approximate its fair values as the loans will be re-priced to market interest rate on or near reporting date.

29. FINANCIAL INSTRUMENTS (continued)

(c) Fair Value Measurement (continued)

The carrying amounts of the Group's and of the Company's financial assets and liabilities at reporting date approximate their fair values except as follows:

	Group	
	2017 RM	2016 RM
Financial liabilities		
Finance lease payables		
- Carrying amount	3,083,369	2,165,361
- Fair value	2,645,253	1,512,691

29. FINANCIAL INSTRUMENTS (continued)

(c) Fair Value Measurement (continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Group 2017										
Financial assets										
Available-for-sale financial assets										
- Retail bond investment	521,282	-	-	521,282	-	-	-	-	521,282	521,282
Financial liabilities										
- Finance lease payables	-	-	-	-	-	2,645,253	-	2,645,253	2,645,253	3,083,369
- Term loans	-	-	-	-	-	14,375,066	-	14,375,066	14,375,066	14,375,066

29. FINANCIAL INSTRUMENTS (continued)

(c) Fair Value Measurement (continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments: (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Group 2016										
Financial assets										
Available-for-sale financial assets										
- Retail bond investment	528,236	-	-	528,236	-	-	-	-	528,236	528,236
Financial liabilities										
- Finance lease payables	-	-	-	-	-	1,512,691	-	1,512,691	1,512,691	2,165,361
- Term loans	-	-	-	-	-	13,595,631	-	13,595,631	13,595,631	13,595,631
- Bank overdraft	-	-	-	-	-	7,366	-	7,366	7,366	7,366

During the financial years ended 31 December 2017 and 31 December 2016, there was no transfer between fair value measurement hierarchy.

30. CAPITAL AND OTHER COMMITMENTS

(a) Capital Commitments

	Group	
	2017 RM	2016 RM
Approved and contracted for but not provided in the financial statements		
- Purchase of accounting software	-	457,600
- Purchase of office building lots	499,940	1,392,788
	499,940	1,850,388

(b) Operating Lease Commitments – as Lessee

	Group	
	2017 RM	2016 RM
- Not later than one year	251,545	132,270
- More than one year and not later than five years	205,818	206,914
	457,363	339,184

31. RELATED PARTIES

(a) Identity of Related Parties

Parties are considered to be related to the Group and to the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. The Group and the Company have a related party relationship with its subsidiaries, ultimate holding company and key management personnel.

(b) Significant Related Party Transactions

	Company	
	2017 RM	2016 RM
Paid and payable to holding company		
Dividend	(3,179,014)	-
Received and receivable from subsidiaries		
Dividend income	6,186,067	-
Management fees	4,915,069	-

31. RELATED PARTIES (continued)

(c) Compensation of Key Management Personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any directors of the Group and of the Company.

The compensation of the key management personnel are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Short term employee benefits	1,772,000	2,415,003	416,000	-
Post-employment benefits	177,127	311,972	33,280	-
Estimated money value of benefits -in-kind	236,423	158,400	-	-
	2,185,550	2,885,375	449,280	-

32. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that the Group maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group and the Company manage its capital structure and makes adjustments to it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2017 and 31 December 2016.

The Group and the Company is not subject to any externally imposed capital requirements.

The Group's and the Company's gearing ratio is measured using total external borrowings less cash and cash equivalents over shareholders' equity.

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Borrowings	17,458,435	15,768,358	-	-
Less: Cash and cash equivalents	20,638,043	6,688,948	204,618	974
Net (cash)/debt	(3,179,608)	9,079,410	(204,618)	(974)
Shareholders' equity	64,910,988	61,160,827	42,034,395	41,523,230
Gearing ratio	*	15%	*	*

* Not meaningful as the Group and the Company are in net cash positions.

33. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) The Company had on 30 April 2013 entered into a conditional agreement to:

(i) acquire the equity interest in GFMSB as disclosed in Note 11(b) to the financial statements. Following the completion of these acquisition on 20 December 2016, GFMSB becomes the subsidiaries of the Company. Following the completion of the share acquisition, the issued and paid-up share capital of the Company increased from RM100 comprising 1,000 ordinary shares of RM0.10 each to RM40,000,101 comprising 400,001,010 ordinary shares of RM0.10 each.

(ii) exchange the equity interest in asiaEP as disclosed in Note 11(c) to the financial statements. Following the completion of these exchange on 28 December 2016, asiaEP becomes the subsidiary of the Company. Following the completion of the share exchange, the issued and paid-up share capital of the Company increased from RM40,000,101 comprising 400,001,010 ordinary shares of RM0.10 each to RM41,760,294 comprising 417,602,942 ordinary shares of RM0.10 each.

(iii) increased its authorised share capital from RM100,000 to RM100,000,000 by the creation of additional 999,000,000 ordinary shares of RM0.10 each;

On 9 January 2017, the Company was successfully listed on the ACE Market of Bursa Malaysia Securities Berhad.

(b) Details of disposal of subsidiaries during the financial year are disclosed in Note 11(a).

(c) On 26 January 2018, 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. for RM 130,000,000 to be satisfied wholly by cash.

34. SEGMENT INFORMATION

For management purposes, the Group is organised into operating segments based on a similar basis to that for internal reporting. The Group's chief operation decision maker reviews the decision on resource allocation and assesses the performance of the reportable segment.

(a) Operating Segments

The reportable operating segments are as follows:

Facilities Management	Provision of facilities operations, maintenance and management and engineering services, facilities consultancy and advisory, facilities management services.
Others	Investment holding, neither which are of a sufficient size to be reported separately.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

34. SEGMENT INFORMATION (continued)

(a) Operating Segments (continued)

	Facilities Management RM	Others RM	Adjustments and Eliminations RM	Total RM
2017				
Revenue				
External revenue	104,369,233	11,101,136	(11,101,136)	104,369,233
Results				
Interest income	408,193	54,109	-	462,302
Finance costs	(1,032,066)	-	-	(1,032,066)
Amortisation of intangible assets	-	-	(1,216,100)	(1,216,100)
Bad debts written off	(268,605)	-	-	(268,605)
Depreciation of property, plant and equipment	(338,892)	(27)	-	(338,919)
Impairment loss on: - Trade receivables	(1,912,374)	-	-	(1,912,374)
(Gain)/Loss on disposal of subsidiaries	-	1	(382,942)	(382,941)
Reversal of impairment of trade receivables	671,987	-	-	671,987
Segment profit	14,904,060	7 ,502,822	(7,785,108)	14,621,774
Tax expense	(4,164,866)	(805,590)	291,864	(4,678,592)
Profit for the financial year	10,739,194	6 ,697,232	(7,493,244)	9 ,943,182

34. SEGMENT INFORMATION (continued)

(a) Operating Segments (continued)

	Facilities Management RM	Others RM	Adjustments and Eliminations RM	Total RM
2016				
Revenue				
External revenue	92,077,013	-	-	92,077,013
Results				
Interest income	552,289	-	-	552,289
Finance costs	(907,202)	-	-	(907,202)
Amortisation of intangible assets	-	-	(1,216,100)	(1,216,100)
Bad debts recovered	6,209,557	-	-	6,209,557
Bad debts written off	(20,240)	-	-	(20,240)
Depreciation of property, plant and equipment	(271,149)	-	-	(271,149)
Impairment loss on: - Trade receivables	(733,289)	-	-	(733,289)
Listing status premium	-	-	(3,567,996)	(3,567,996)
Reversal of impairment of trade receivables	63,371	-	-	63,371
Waiver of debts from subsidiaries	-	2,452,593	(2,452,593)	-
Segment profit/(loss)	26,942,269	(4,058,480)	(5,141,446)	17,742,343
Tax expense	(4,990,991)	(1)	291,864	(4,699,128)
Profit/(Loss) for the financial year	21,951,278	(4,058,481)	(4,849,582)	13,043,215

34. SEGMENT INFORMATION (continued)

(b) Geographical Information

The Group operates predominantly in Malaysia and hence, no geographical segment is presented.

(c) Major Customer Information

For the financial year ended 31 December 2017, there was 2 (2016: 2) major customers that contributed 10% or more of the Group's total revenue and the total revenue generated from these major customers amounted to RM49,579,300 (2016: RM39,447,349).

35. CONTINGENT LIABILITIES

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.

The directors are of the view that GFMSB shall not be liable for the additional tax payments and tax penalty based on the relevant supporting documents submitted to LHDN as requested. As such, the directors have not made any provisions to the financial statements of the Group as at 31 December 2017.

As at the date of this report, LHDN has not concluded the assessment.

36. RESTATEMENT

The following comparative figures have been restated to incorporate the impact of misclassification of the Group's retained earnings as reorganisation deficit in the previous financial year.

	Group		
	As previously reported RM	Restatement RM	As restated RM
31.12.2016			
Statements of Changes in Equity			
Reorganisation deficit	(41,206,834)	(4,058,481)	(45,265,315)
Retained earnings	54,300,878	4,058,481	58,359,359

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, **RUSLAN BIN NORDIN** and **ZAINAL BIN AMIR**, being two of the directors of GFM SERVICES BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 74 to 144 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with the resolution of the directors:

.....
RUSLAN BIN NORDIN
Director

.....
ZAINAL BIN AMIR
Director

12 April 2018

Statutory Declaration

Pursuant to Section 251(2) of the Companies Act 2016

I, **RUSLAN BIN NORDIN**, being the director primarily responsible for the financial management of GFM SERVICES BERHAD, do solemnly and sincerely declare the financial statements set out on pages 74 to 144 are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....
RUSLAN BIN NORDIN

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 12 April 2018.

Before me,

Abdul Shukor Md Noor
No. W725
Commisioner of Oaths

Independent Auditors' Report

to the Members of GFM Services Berhad (continued)

(Incorporated in Malaysia)

Opinion

We have audited the financial statements of GFM Services Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 74 to 144.

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report
to the Members of GFM Services Berhad (continued)
(Incorporated in Malaysia)

Key Audit Matters (continued)

Group

Intangible Assets (Note 12 to the Financial Statements)

The Group has significant balances which include goodwill arising from the acquisition of a subsidiary and customer contracts. We focused on this area because the impairment assessment requires the application of significant judgements and estimates by the Group on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, gross profit margin and discount rate.

Our Response:

Our audit procedures focus on evaluating the cash flow projections and the Group's projection procedures which included, among others:

- assessing the valuation methodology adopted by the Group;
- comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key inputs such as discount rates, forecast growth rates and gross profit margin;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount to understand the impact of the changes on the available headroom.

Company

Investment in subsidiaries (Note 11 to the financial statements)

The Company determined whether there is any indication of impairment in investment in subsidiaries. The recoverable amount of investment in subsidiaries was determined based on value-in-use which involves exercise of significant judgement on the discount rates applied and the assumptions supporting the underlying cash flow projections which include future sales, gross profit margin and operating expenses.

Our response:

Our audit procedures focused on evaluating the cash flow projections and the Company's forecasting procedures which included, among others:

- comparing the actual results with previous budget to assess the performance of the business and reliability of the forecasting process;
- comparing the Company's assumptions to externally derived data as well as our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions.

Independent Auditors' Report
to the Members of GFM Services Berhad (continued)
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Independent Auditors' Report
to the Members of GFM Services Berhad (continued)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report
to the Members of GFM Services Berhad (continued)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Kenny Yeoh Khi Khen
No. 03229/09/2018 J
Chartered Accountant

Kuala Lumpur

12 April 2018

Group's Properties

Registered/ beneficial Owner	Location
Global Facilities Management Sdn Bhd	Geran 29182, Lot 1672, Section 41, Town of Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan.

Brief Description of the Office	Existing Use	Tenure	Approximate age of Buildings	Net Book Value	Year of Acquisition
Land	-	Freehold	20 Years	6,174,000	22 September 2016

Analysis of Shareholdings

Issued and Paid-up Share Capital : RM42,810,294.20 divided into 428,102,942 ordinary shares
Class of Shares : Ordinary shares
Voting Rights : One (1) vote per ordinary share held

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 15 MARCH 2018

Size of Holdings	No. of Shareholders	No. of Shares	Percentage (%)
1 – 99	935	37,453	16.66
100 – 1,000	1,783	677,740	31.78
1,001 – 10,000	1,795	7,535,259	31.99
10,001 – 100,000	888	31,037,508	15.83
100,001 – 21,405,146 *	206	90,913,972	3.67
21,405,147 and above **	4	297,901,010	0.07
Total	**5,611**	**428,102,942**	**100.00**

Note
* Less than 5% of the issued and paid-up share capital.
** 5% and above of the issued and paid-up share capital.

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 15 MARCH 2018

Names	No. of Shares (Direct)	Percentage (%)	No. of Shares (Indirect)	Percentage (%)
Mohammad Shahrizal Bin Mohammad Idris	25,700,003	6.00	220,001,000*	51.39
Ruslan Bin Nordin	26,500,004	6.19	220,001,000*	51.39
Zainal Bin Amir	25,700,003	6.00	220,001,000*	51.39
Abdul Rahim Bin Abdul Hamid	-	-	-	-
Ashok Virendra Shah	-	-	-	-
Yong Hee Kong	-	-	-	-
Zainal Arifin Bin Khalid	-	-	-	-

Note
* Deemed interested by virtue of their shareholdings in GFM Global pursuant to Section 8 of the Companies Act 2016.

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2018

Substantial Shareholders	No. of Shares (Direct)	Percentage (%)	No. of Shares (Indirect)	Percentage (%)
GFM Global Sdn Bhd	220,001,000	51.39	-	-
Ruslan Bin Nordin	26,500,004	6.19	220,001,000*	51.39
Mohammad Shahrizal Bin Mohammad Idris	25,700,003	6.00	220,001,000*	51.39
Zainal Bin Amir	25,700,003	6.00	220,001,000*	51.39

Note
* Deemed interested by virtue of their shareholdings in GFM Global pursuant to Section 8 of the Companies Act 2016.

THIRTY (30) LARGEST SHAREHOLDERS AS AT 15 MARCH 2018

No.	Names	No. of Shares	Percentage (%)
1	GFM Global Sdn Bhd	220,001,000	51.39
2	Ruslan Bin Nordin	26,500,004	6.19
3	Mohammad Shahrizal Bin Mohammad Idris	25,700,003	6.00
4	Zainal Bin Amir	25,700,003	6.00
5	Teh Swee See	6,000,000	1.40
6	Dhia Nenda Consultants Sdn Bhd	5,425,000	1.27
7	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jinata Bin Muhamad Yusup (Margin)	3,383,300	0.79
8	Cheng Kin Yin	3,086,300	0.72
9	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choy Yang Zhou	2,600,000	0.61
10	Tan Chooi Ho	2,487,800	0.58
11	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kuan Teck	2,054,800	0.48
12	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities for David Rashid Bin Ghazalli (Margin)	2,000,000	0.47
13	Tan Kuan Teck	1,498,600	0.35
14	Tan Kuan Teck	1,430,000	0.33
15	Chin Lim Peow	1,220,000	0.28
16	Syed Nagiff Bin Syed Mokhtar	1,191,300	0.28
17	Tan Ah Aw @ Chan Koon Meng	1,164,300	0.27
18	Lim Aik Teong	1,128,900	0.26
19	Tian Ee Intertrade Sdn Bhd	1,108,696	0.26
20	Dato' Dr. Khor Ah Eng	1,071,900	0.25
21	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choy Chun Lim	980,000	0.23
22	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lau Han Wei	950,000	0.22
23	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for How Kim Lian (HOW0026C)	910,000	0.21
24	Wong Ten Yong	900,000	0.21
25	RHB Nominees (Tempatan) Sdn Bhd Ng Heng Yiap	740,000	0.17
26	Ng Ching Yun	712,600	0.17
27	Chor Chee Heung	700,000	0.16
28	Tan Boo Leng	689,300	0.16
29	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	688,000	0.16
30	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Fai Tat (CCTS)	682,609	0.16
		342,704,415	**80.03**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting ("AGM") of the Company will be held at Seri Pacific Hotel, Jalan Putra, P.O.Box 11468, 50746 Kuala Lumpur on Tuesday, 26 June 2018 at 10.00 a.m for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.	Please refer to Note B
2. To declare a Final Single Tier Tax Exempt Dividend of 0.919 sen per Ordinary Share in respect of the financial year ended 31 December 2017.	Resolution 1
3. To approve the payment of Directors' fees and benefits for the financial year ended 31 December 2017.	Resolution 2
4. To approve the payment of Directors' fees and benefits payable to non-executive directors up to RM378,000 for the period from 1 January 2018 until the next Annual General Meeting of the Company to be held in 2019.	Resolution 3
5. To re-elect the following directors who are retiring as a Director of the Company in accordance with Article 98 of the Company's Constitution:- a) Encik Abdul Rahim Bin Abdul Hamid b) Encik Ruslan Bin Nordin	 Resolution 4 Resolution 5
6. To re-appoint Messrs. Baker Tilly Monteiro Heng as Auditors of the Company for the ensuring year and to authorise the Directors to fix their remuneration.	Resolution 6

SPECIAL BUSINESS

7. To consider and, if thought fit, pass with or without modifications, the following Resolution: Authority for Directors to issue and allot shares in the Company pursuant to Section 75 of the Companies Act, 2016. "THAT, subject to the Companies Act, 2016, the Constitution of the Company and the approval from the relevant authorities, where such approval is necessary, the Directors be and are hereby authorised, pursuant to Section 75 of the Companies Act, 2016, to issue and allot shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company (excluding treasury shares) for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the additional shares so issued."	Resolution 7
8. To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.	

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN THAT a Final Single Tier Tax Exempt Dividend of 0.919 sen per Ordinary Share in respect of the financial year ended 31 December 2017 will be payable on 26 July 2018 to Depositors registered in the Record of Depositors at the close of business on 12 July 2018.

A Depositor shall qualify for entitlement only in respect of:

a. Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 12 July 2018 in respect of ordinary transfers; and

b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board
GFM SERVICES BERHAD

WONG YOUN KIM (MAICSA 7018778)
Company Secretary
Kuala Lumpur

30 April 2018

A. Appointment of Proxy

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy(ies) to attend and vote on his(her) behalf.
2. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.
3. A member may appoint more than one (1) proxy to attend the same meeting. Where a member appoints two (2) or more proxies, he(she) shall specify the proportion of his(her) shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in the one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The Form of Proxy shall be signed by the appointor or his(her) attorney duly authorized in writing or, if the member is a corporation, it must be executed under its common seal or by its duly authorised attorney or officers.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 19 June 2018 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/ or vote on his(her) behalf.

B. Audited Financial Statements for the Financial Year ended 31 December 2017

The Audited Financial Statements under Agenda 1 are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only as the approval of shareholders is not required. Hence, this Agenda is not put forward for voting by the shareholders of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Authority For Directors To Allot and Issue Shares pursuant to Section 75 of the Companies Act 2016.

The Ordinary Resolution 7 proposed under item 7 above is a new mandate and if passed, will authorised the Directors of the Company to issue new shares up to a maximum ten percent (10%) of the total issued and paid-up share capital of the Company at the time of issue for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company at a general meeting, will expire at the next Annual General Meeting.

The mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. This mandate is also meant for any possible fund raising exercises including but not limited to further placement of shares, for purpose of funding current and/or future investment, working capital and/or acquisitions.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

1. The Fifth Annual General Meeting of the Company will be held at Seri Pacific Hotel, Jalan Putra, P.O.Box 11468, 50746 Kuala Lumpur on Tuesday, 26 June 2018 at 10.00 a.m.
2. The Directors who are standing for re-election at the Fifth Annual General Meeting of the Company pursuant to Article 98 of the Constitution of the Company are:-

   (i) Encik Abdul Rahim Bin Abdul Hamid
   (ii) Encik Ruslan Bin Nordin

   The details of the above Director seeking re-election are set out in the Profile of Directors as disclosed on page 18 to 21 of this Annual Report.
3. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 31 December 2017 are disclosed in the Corporate Governance Overview Statement set out on this Annual Report.

CDS Account No. _____ No. of Shares held _____

GFM SERVICES BERHAD
(Company No. 1033141-H)
(Incorporated in Malaysia)

FORM OF PROXY

I/We _____
(FULL NAME IN BLOCK LETTER)

of _____
(FULL ADDRESS)

being a Member of GFM SERVICES BERHAD hereby appoint _____

_____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

or failing whom _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

or failing whom, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us and on my/or behalf Fifth Annual General Meeting ("AGM") of the Company will be held at Seri Pacific Hotel, Jalan Putra, P.O.Box 11468, 50746 Kuala Lumpur on Tuesday, 26 June 2018 at 10.00 a.m and any adjournment thereof.

My/Our proxy(ies) is(are) to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	To declare a Final Single Tier Tax Exempt Dividend of 0.919 sen per Ordinary Share in respect of the financial year ended 31 December 2017.		
2.	To approve the payment of Directors' fees for the financial year ended 31 December 2017.		
3.	To approve the payment of Directors' fees and benefits payable to non-executive directors up to RM378,000 for the period from 1 January 2018 until the next Annual General Meeting of the Company to be held in 2019.		
4 & 5.	To re-elect the following directors who are retiring as a Director of the Company in accordance with Article 98 of the Company's Constitution:- a) Encik Abdul Rahim Bin Abdul Hamid b) Encik Ruslan Bin Nordin		
6.	To re-appoint Messrs. Baker Tilly Monteiro Heng as Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
7.	Authority for Directors to issue and allot shares in the Company pursuant to Section 75 of the Companies Act, 2016.		

[Please indicate with (X) in the spaces provided how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his(her) discretion.]

Dated this _____ day of _____ , 2018.

_____
Signature of Member/Common Seal

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Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy(ies) to attend and vote on his(her) behalf.
2. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.
3. A member may appoint more than one (1) proxy to attend the same meeting. Where a member appoints two (2) or more proxies, he(she) shall specify the proportion of his(her) shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in the one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The Form of Proxy shall be signed by the appointor or his(her) attorney duly authorised in writing or, if the member is a corporation, it must be executed under its common seal or by its duly authorised attorney or officers.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on [19 June 2018] (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his(her) behalf.

AFFIX
STAMP

Fold Here

The Company Secretary
GFM SERVICES BERHAD
(NO. 1033141-H)

LEVEL 2, TOWER 1, AVENUE 5
BANGSAR SOUTH CITY
59200 KUALA LUMPUR

Fold Here

GFM SERVICES BERHAD

257A, First Floor, Jalan Bandar 12,
Taman Melawati,
53100 Kuala Lumpur, Malaysia.

Tel : 03 4107 2250
Fax : 03 4107 2251
Email : enquiry@gfmservices.com.my
Web : www.gfmservices.com.my