

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FOURTH QUARTER  
ENDED 31 DECEMBER 2015**
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER 3 MONTHS PERIOD ENDED		CUMULATIVE QUARTER 12 MONTHS PERIOD ENDED		
	Note	31 DECEMBER 2015	31 DECEMBER 2014	31 DECEMBER 2015	31 DECEMBER 2014
		RM	RM	Unaudited RM	Audited RM
Revenue		20,293,048	31,539,098	102,155,722	121,863,658
Cost of sales		(12,995,676)	(20,303,787)	(68,960,765)	(77,390,809)
Gross Profit		7,297,372	11,235,311	33,194,957	44,472,849
Other operating income		1,203,326	186,022	5,553,919	969,284
Administrative expenses		(31,620,221)	(10,586,752)	(60,091,312)	(31,924,439)
Profit from operations		(23,119,523)	834,581	(21,342,436)	13,517,694
Share of results of associate		(2,051,559)	-	(4,248,753)	-
Profit before interest and taxation		(25,171,082)	834,581	(25,591,189)	13,517,694
Finance costs		(906,635)	(348,165)	(3,375,539)	(1,383,736)
(Loss)/Profit before taxation		(26,077,717)	486,416	(28,966,728)	12,133,958
Taxation		1,478,108	(2,009,102)	(2,013,621)	(5,108,720)
(Loss)/Profit for the period		(24,599,609)	(1,522,686)	(30,980,349)	7,025,238
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		(24,598,963)	(1,309,165)	(30,976,197)	5,575,139
Non-controlling interests		(646)	(213,521)	(4,152)	1,450,099
		(24,599,609)	(1,522,686)	(30,980,349)	7,025,238
<b>(Loss)/Earnings per share attributable to Owner of the Company</b>					
- Basic (sen)	B9	(9.65)	(0.61)	(12.16)	2.60
- Diluted (sen)	B9	(9.65)	(0.61)	(12.60)	2.60

**Note:**

The unaudited condensed consolidated Statement of Comprehensive Income should be read in conjunction with the notes to the interim financial report and the audited financial statements of the Group for the financial year ended 31 December 2014.



QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FOURTH QUARTER  
ENDED 31 DECEMBER 2015

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
(THE FIGURES HAVE NOT BEEN AUDITED)

Note	INDIVIDUAL QUARTER 3 MONTHS PERIOD ENDED		CUMULATIVE QUARTER 12 MONTHS PERIOD ENDED	
	31 DECEMBER 2015	31 DECEMBER 2014	31 DECEMBER 2015	31 DECEMBER 2014
	RM	RM	Unaudited RM	Audited RM
(Loss)/Profit for the period	(24,599,609)	(1,522,686)	(30,980,349)	7,025,238
<b>OTHER COMPREHENSIVE INCOME</b>				
Exchange difference arising on translation of foreign operations	(124,994)	799,207	183,815	650,988
Amortisation of revaluation reserve	(3,878)	(11,871)	(38,782)	(47,487)
Other comprehensive (loss)/income, net of tax	(128,872)	787,336	145,033	603,501
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>(24,728,481)</b>	<b>(735,350)</b>	<b>(30,835,316)</b>	<b>7,628,739</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the Company	(24,727,835)	(521,829)	(30,831,164)	6,178,640
Non-controlling interests	(646)	(213,521)	(4,152)	1,450,099
	<b>(24,728,481)</b>	<b>(735,350)</b>	<b>(30,835,316)</b>	<b>7,628,739</b>



**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FOURTH QUARTER  
ENDED 31 DECEMBER 2015**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<i>Unaudited</i> <b>31 DECEMBER 2015</b>	<i>Audited</i> <b>31 DECEMBER 2014</b>
	<b>RM</b>	<b>RM</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	7,599,454	8,937,135
Investment in associate	32,870,081	-
Goodwill on consolidation	11,429,541	15,033,946
Intangible assets	14,118,152	21,077,379
	<u>66,017,228</u>	<u>45,048,460</u>
<b>CURRENT ASSETS</b>		
Inventories	23,808	33,659
Trade and other receivables	40,564,143	54,168,581
Amounts due from associate	1,818	-
Deferred tax assets	-	769,349
Tax recoverable	2,251,435	789,181
Deposits placed with licensed banks	3,807,773	2,079,148
Cash and bank balances	9,193,429	16,923,316
	<u>55,842,406</u>	<u>74,763,234</u>
<b>TOTAL ASSETS</b>	<b><u>121,859,634</u></b>	<b><u>119,811,694</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS</b>		
<b>OF THE COMPANY</b>		
Share capital	26,029,469	23,517,495
Share premium	30,546,805	21,256,938
Treasury shares	(2,431,051)	(2,376,144)
Share based payment reserve	-	44,930
Revaluation reserve	2,288,106	2,326,888
Foreign currency translation reserve	1,568,771	1,384,956
Statutory reserve	203,809	203,809
Retained profits	1,619,452	32,556,863
	<u>59,825,361</u>	<u>78,915,735</u>
Non-controlling interests	127,689	131,841
<b>TOTAL EQUITY</b>	<b><u>59,953,050</u></b>	<b><u>79,047,576</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Loans and borrowings	39,950,062	16,203,624
Deferred tax liabilities	24,023	25,415
	<u>39,974,085</u>	<u>16,229,039</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	11,226,139	14,715,246
Loans and borrowings	9,484,869	5,560,097
Tax payables	1,221,491	4,259,736
Overdrafts - secured	-	-
	<u>21,932,499</u>	<u>24,535,079</u>
<b>TOTAL LIABILITIES</b>	<b><u>61,906,584</u></b>	<b><u>40,764,118</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>121,859,634</u></b>	<b><u>119,811,694</u></b>
	-	-
Number of ordinary shares at RM0.10 sen par each	260,294,686	235,174,953
Net assets per share attributable to owners of the Company (sen)	<u>23.0</u>	<u>33.6</u>

Note:

The unaudited condensed consolidated Statement of Financial Position should be read in conjunction with the notes to the interim financial report and the audited financial statements of the Group for the financial year ended 31 December 2014.



**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FOURTH QUARTER  
ENDED 31 DECEMBER 2015**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	Non-Distributable						Distributable				Total Equity
	Share Capital	Share Premium	Share Based Payment Reserve	Treasury Shares	Foreign Currency Translation Reserve	Revaluation Reserve	Statutory Reserve	Retained Profits	Sub-total	Non Controlling Interests	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Current year ended 31 DECEMBER 2015</b>											
As at 1 January 2015	23,517,495	21,256,938	44,930	(2,376,144)	1,384,956	2,326,888	203,809	32,556,863	78,915,735	131,841	79,047,576
Issuance of shares pursuant to :-											
- Private Placement	2,352,740	9,175,686	-	-	-	-	-	-	11,528,426	-	11,528,426
- ESOS exercised	159,234	114,181	(44,926)	-	-	-	-	-	228,489	-	228,489
(Loss)/Profit for the period	-	-	-	-	-	-	-	(30,976,197)	(30,976,197)	(4,152)	(30,980,349)
Other Comprehensive income for the period	-	-	-	-	183,815	(38,782)	-	-	145,033	-	145,033
Total comprehensive (loss)/income for the period	-	-	-	-	183,815	(38,782)	-	(30,976,197)	(30,831,164)	(4,152)	(30,835,316)
Amortisation of revaluation reserve	-	-	-	-	-	-	-	38,782	38,782	-	38,782
Forfeiture of ESOS	-	-	(4)	-	-	-	-	4	-	-	-
Shares-Buy back	-	-	-	(54,907)	-	-	-	-	(54,907)	-	(54,907)
Balance as at 31 December 2015	26,029,469	30,546,805	-	(2,431,051)	1,568,771	2,288,106	203,809	1,619,452	59,825,361	127,689	59,953,050
	-	-	-	-	-	-	-	-	-	-	-
<b>Corresponding year ended 31 DECEMBER 2014</b>											
As at 1 January 2014	19,478,141	9,027,702	376,620	(1,485,130)	733,968	2,374,375	203,809	28,972,561	59,682,046	124,826	59,806,872
Issuance of shares pursuant to:-											
- Private placement	1,959,100	10,579,140	-	-	-	-	-	-	12,538,240	-	12,538,240
- ESOS	955,318	750,147	(331,690)	-	-	-	-	-	1,373,775	-	1,373,775
- Warrants converted	1,124,936	899,949	-	-	-	-	-	-	2,024,885	-	2,024,885
Profit for the period	-	-	-	-	-	-	-	5,575,139	5,575,139	1,450,099	7,025,238
Other comprehensive income for the period	-	-	-	-	650,988	(47,487)	-	47,487	650,988	-	650,988
Total comprehensive income for the period	-	-	-	-	650,988	(47,487)	-	5,622,626	6,226,127	1,450,099	7,676,226
Amortisation of revaluation reserve	-	-	-	-	-	-	-	-	-	-	-
Amount recognised directly in equity relating to assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-
Transfer to legal reserve	-	-	-	-	-	-	-	-	-	-	-
Change in ownership interests in subsidiaries	-	-	-	-	-	-	-	(2,038,324)	(2,038,324)	(1,443,084)	(3,481,408)
Shares-Buy back	-	-	-	(891,014)	-	-	-	-	(891,014)	-	(891,014)
Balance as at 31 December 2014	23,517,495	21,256,938	44,930	(2,376,144)	1,384,956	2,326,888	203,809	32,556,863	78,915,735	131,841	79,047,576

Note:

The unaudited condensed consolidated Statement of Changes in Equity should be read in conjunction with the notes to the interim financial report and the audited financial statements of the Group for the financial year ended 31 December 2014.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>CURRENT PERIOD ENDED 31 DECEMBER 2015</b>	<b>CORRESPONDING PERIOD ENDED 31 DECEMBER 2014</b>
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	(28,966,728)	12,133,958
Adjustments for:		
Depreciation	3,068,611	4,306,029
Allowance of impairment for other receivables	-	1,074
Allowance of impairment for goodwill	3,604,405	1,489,851
Amortisation of intangible assets	2,691,953	2,722,243
Amortisation of other receivables no longer required	-	(137,898)
Impairment of investment in Assoc	6,131,272	-
Impairment of intangible Assets	2,231,628	-
Interest income	(117,641)	(98,306)
Interest expenses	3,375,539	1,383,736
Share of result of associate	4,248,753	-
Loss/(gain) on disposal of property, plant and equipment	(22,369)	123,824
Loss/(gain) on disposal of intangible assets	1,585,646	-
Property, plant and equipment written off	449,116	-
Provision for doubtful debts	8,101,914	-
Unrealised foreign exchange (gain)/loss	(28,752)	-
Operating profit before working capital changes	<u>6,353,347</u>	<u>21,924,511</u>
Changes in working capital		
Receivables	7,178,043	5,246,618
Payables	(3,495,678)	(11,774,394)
Inventories	9,851	15,227
Cash (used in)/generated from operations	<u>10,045,563</u>	<u>15,411,962</u>
Tax paid	(5,862,764)	(3,288,824)
Tax refund	124,534	11,371
Interest expense	(145,183)	(85,468)
Interest income	69,581	98,306
<b>Net cash generated from/(used in) operating activities</b>	<b><u>4,231,731</u></b>	<b><u>12,147,347</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Advances to associate	(1,818)	-
Dividend received from associate	8,650,021	-
Purchase of property, plant and equipment	(2,232,267)	(875,644)
Purchase of intangible asset	(2,000,000)	(3,438,449)
Purchase of shares in associate	(51,900,127)	-
Deposit held as security	(1,728,625)	(1,250,896)
Net cash inflow on investment in subsidiary	-	(15,941,821)
Proceeds from disposal of property, plant & equipment	1,005,000	85,042
<b>Net cash generated from/(used in) investing activities</b>	<b><u>(48,207,816)</u></b>	<b><u>(21,421,768)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on issuance of shares capital	11,756,915	15,936,900
Term loan withdrawn	36,330,000	24,340,000
Acquisition of non-controlling interests	-	(10,000,000)
Purchase of treasury shares	(54,907)	(891,014)
Repayment of hire purchase payables	(348,790)	(1,538,559)
Repayment of term loan	(8,310,000)	(3,584,200)
Interest paid	(3,230,356)	(1,298,268)
<b>Net cash generated from/(used in) financing activities</b>	<b><u>36,142,862</u></b>	<b><u>22,964,859</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(7,833,223)</b>	<b>13,690,438</b>
Effect of foreign exchange rate change	103,336	47,679
Opening balance of cash and cash equivalents	16,923,316	3,185,199
<b>Closing balance of cash and cash equivalents</b>	<b><u>9,193,429</u></b>	<b><u>16,923,316</u></b>
<b>Cash and cash equivalents</b>		
Fixed deposits with licensed bank	3,807,773	2,079,148
Cash and bank balances	9,193,429	16,923,316
Overdraft	-	-
	<u>13,001,202</u>	<u>19,002,464</u>
Less: Deposits held as security	(3,807,773)	(2,079,148)
<b>Closing balance of cash and cash equivalents</b>	<b><u>9,193,429</u></b>	<b><u>16,923,316</u></b>

## Note:

The unaudited condensed consolidated Statement of Comprehensive Income should be read in conjunction with the notes to the interim financial report and the audited financial statements of the Group for the financial year ended 31 December 2014.



**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

**PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1 Basis of Preparation**

a) These interim financial statements of SMRT Holdings Berhad ("SMRT" or the "Company") and its subsidiaries (the "Group") are unaudited and have been prepared in accordance with MFRS 134 - Interim Financial Reporting issued by the Malaysian Financial Standards Board ("MASB") and Appendix 9B of the Bursa Malaysia Securities Berhad's ("Bursa Securities") ACE Market Listing Requirements ("AMLR").

**b) Significant Accounting Policies**

The significant accounting policies and presentations adopted by the Group in this quarterly report are consistent with those of the annual financial statements for the FYE 31 December 2014 except for the Group has adopted the Malaysian Financial Reporting Standards (MFRS) framework issued by Malaysian Accounting Standards Boards (MASB) which are effective for annual periods beginning on or after 1 January 2015 as disclosed below: -

Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs	2010 - 2012 Cycle
Annual Improvements to MFRSs	2011 - 2013 Cycle

The adoption of the above amendments / improvements to MFRSs and new IC Int do not have any significant effect on the financial statements of the Group and Company.

**A2 Audit Report of the preceding Annual Financial Statements**

The audit report for the annual financial statements of the Group for the FYE 31 December 2014 was not subject to any qualification.

**A3 Seasonal or Cyclical Factors**

The Group's operations were not materially affected by seasonal or cyclical changes.

**A4 Changes in Estimates**

There were no estimates report provided for the last financial quarter under review.

**A5 Debt and Equity Securities**

There were no issuance, cancellation or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares, repurchase and resale of treasury shares for the current financial quarter under review.

**A6 Valuation of Property, Plant and Equipment**

The value of office suite has been brought forward, without amendments from the last year's annual audited financial statements.

**A7 Dividend Paid**

No dividend was paid during the current quarter under review.

**A8 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items or events, which affected the assets, liabilities, equity, net income or cash flows of the Group since the last annual audited financial statements.

## A9 Segmental Information

### (a) Analysis of segmental revenue and results

	Education RM'000	Training RM'000	Technology RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>12 Months Ended 31 Dec 2015</b>						
<b>Revenue</b>						
External customers	65,586	32,179	767	3,624	-	102,156
Inter-company sales	-	3,507	2,011	360	(5,878)	-
Dividend income	17,081	-	-	4,900	(21,981)	-
	<u>82,667</u>	<u>35,686</u>	<u>2,778</u>	<u>8,884</u>	<u>(27,859)</u>	<u>102,156</u>
<b>Results:</b>						
Interest income	(10)	43	21	64	-	118
Interest expenses	(2,731)	(67)	(113)	(465)	-	(3,376)
Depreciation	(1,509)	(1,397)	(170)	(1)	8	(3,069)
Amortisation	(598)	-	(2,094)	-	-	(2,692)
Unallocated expenses	26,960	148	(1,564)	1,251	(21,955)	4,840
Other non cash expenses	(19,550)	(2,019)	(11,464)	14	12,481	(20,538)
Operating profit	<u>2,562</u>	<u>(3,292)</u>	<u>(15,384)</u>	<u>863</u>	<u>(9,466)</u>	<u>(24,717)</u>
Share of results of associate	(4,249)	-	-	-	-	(4,249)
Profit/(Loss) before tax	<u>(1,687)</u>	<u>(3,292)</u>	<u>(15,384)</u>	<u>863</u>	<u>(9,466)</u>	<u>(28,966)</u>
Income tax expense	(2,500)	279	215	(8)	-	(2,014)
Segment profit/(loss)	<u>(4,187)</u>	<u>(3,013)</u>	<u>(15,169)</u>	<u>855</u>	<u>(9,466)</u>	<u>(30,980)</u>

### (b) Analysis by geographical areas

	12 months ended 31 December 2015			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Conso- lidated RM'000
<b>Revenue</b>				
External sales	101,947	209	-	102,156
Inter-segment	5,702	176	(5,878)	-
Total	<u>107,649</u>	<u>385</u>	<u>(5,878)</u>	<u>102,156</u>
<b>Segment assets</b>	301,567	12,279	(191,986)	121,860
<b>Segment liabilities</b>	217,353	84	(155,530)	61,907
<b>Depreciation &amp; amortisation</b>	5,717	44	-	5,761

### A10 Material Events Subsequent to the End of the Current Quarter

On 5 February, 2016, the Company had announced entered into a conditional Share Sale Agreement ("SSA") with Priority Digit Sdn Bhd to acquire 1,152,000 ordinary shares of RM1.00 each in N'osairis Technology Solutions Sdn Bhd ("N'osairis") representing 64.0% of the issued and paid-up share capital in N'osairis ("Sale Shares") for a purchase consideration of RM6.0 million. Upon completion of the Proposed Acquisition, N'osairis will be a 64.0%-owned subsidiary of th Company.

### A11 Changes in the Composition of the Group

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

### A12 Contingent Liabilities or Contingent Assets

Corporate Guarantees issued to financial institutions in respect of banking facilities granted to subsidiary companies

As at 31.12.2015  
RM'000

49,816

### A13 Capital Commitments

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

## PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE AMLR

### B1 Review of Performance

#### **Current quarter compared to preceding year's corresponding quarter**

The Group reported a significant decrease in revenue of RM20.3 million for the current quarter under review as compared to the preceding year's corresponding quarter amounted to RM31.5 million (Q4, 2014). Therefore, the Group recorded a loss before taxation ("LBT") of RM26.1 million as compared to a profit before taxation ("PBT") of RM0.5 million in Q4, 2014. The significant losses mainly due to lower revenue generated from technology and training segments, share of losses of associate, high finance cost from acquisition exercise and impairment loss on intangible assets.

The education segment recorded decrease in revenue of RM16.3 million for the current quarter as compared to Q4, 2014 of RM17.6 million. However, this segment reported a loss after tax ("LAT") of RM11.8 million for current quarter as compared to a profit after taxation ("PAT") of RM1.3 million in Q4, 2014 mainly due to share of losses in associate and impairment loss for investment in associate.

The training segment recorded a lower revenue of RM12.1 million for the current quarter as compared to Q4, 2014 of RM13.4 million. Therefore, the training segment recorded a LAT of RM5.7 million as compared to a LAT of RM0.1 million in Q4, 2014.

The technology segment recorded a significant lower revenue RM1.7 million for the current quarter as compared to RM3.5 million in Q4, 2014 mainly due to low project secured. Hence, this business segment recorded a LAT of RM13.1 million as compared to a PAT of RM0.9 million in Q4, 2014.

#### **Current financial year-to-date results compared to preceding year's corresponding financial year-to-date results**

The Group reported a lower revenue to RM102.1 million for the cumulative quarter 2015 as compared to the previous year's corresponding cumulative quarter 2014 of RM121.9 million. As a results, the Group recorded a LBT of RM29.0 million as compared to a PBT of RM12.1 million in the corresponding cumulative quarter 2014 mainly due to share of loss from associate of RM4.2 million , impairment loss on investment in associate of RM6.1 million, impairment of intangible assets of RM2.2million and impairment loss of goodwill of RM3.6 million.

The education segment recorded a increase in revenue to RM65.5 million for the cumulative quarter 2015 as compared to the previous year's corresponding cumulative quarter 2014 of RM59.5 million. However, this segment reported a LAT of RM4.1 million as compared to PAT of RM4.6 million in the previous year's corresponding quarter 2014 mainly due to share of losses of associate amounting RM4.2 million and annual assessment to provide impairment loss on investment in associate amounting to RM6.1 million.

The training segment recorded a decrease in revenue to RM35.7 million for the cumulative quarter 2015 as compared to the previous year's corresponding cumulative quarter 2014 of RM47.8 million. As a result, this segment recorded a LAT of RM3.0 million as compared to a PAT of RM2.4 million in the cumulative quarter 2014 mainly due to payment of bonus and flight expenses to the mentors after the end of their training contract.

The technology segment recorded a significant lower revenue of RM2.8 million for the cumulative quarter 2015 as compared to RM21.8 million in the previous year's corresponding cumulative quarter 2014. Hence, this business segment recorded a LAT of RM15.2 million as compared to a PAT of RM7.1 million in the previous year's corresponding cumulative quarter 2014 mainly due to provision of doubtful debts of RM4.1million and impairment of intangible assets of RM2.2 million.

### B2 Material Change in Profit Before Tax for the Current Quarter as Compared with the Immediate Preceding Quarter

The Group recorded an overall higher LBT as compared to the immediate preceding quarter (Q3, 2015). The poor financial results are mainly attributable to lower revenue generated from all segments, impairment of investment in associate, share of losses in associate company.



**B3 Prospects for the Current Financial Year**

The Group's outlook for the year remain challenging due to softening of the business conditions and competitive landscape. Despite the challenging environment, the Group's strategy remains unchanged and the Group continues to focus on the learning space - the Education sector as both the Malaysian government and the government in the countries that we focus on have high growth economies and they continue to invest heavily in education and workforce learning and development.

With Malaysia's Economic Transformation Programme ("ETP") focusing on developing a high income nation and substantial investments in Education and Workforce development, the Group is confident of the demand for its solutions in the learning space.

**B4 Variance of Actual Profit from Profit Forecast and Profit Guarantee**

The Group neither announced nor provided any profit forecast or profit guarantee for the current quarter under review.

**B5 Income Tax Expenses**

	<b>Current Quarter 31.12.2015 RM'000</b>	<b>Cumulative Quarter 31.12.2015 RM'000</b>
Income tax		
Current	(1,454)	2,602
(Over)/Under provision of tax in prior year	(21)	(585)
Deferred tax liabilities	(3)	(3)
	<u><b>(1,478)</b></u>	<u><b>2,014</b></u>

The income tax expenses were mainly due to provision of income tax expenses in education and training segments.

Management Made Easy Sdn Bhd, a wholly-owned subsidiary, was awarded Multimedia Super Corridor Statues ("MSC Status") on 15th July 2013 thereby making said subsidiary eligible for Pioneer Status for 100% tax exemption on its chargeable income for a period of five years which expire on 15th June 2018.

**B6 Status of Corporate Proposal**

There was no other corporate proposals announced but not yet completed as at the date of this quarterly announcement, other than disclosed as follow:-

On 5 February, 2016, the Company had announced entered into a conditional Share Sale Agreement ("SSA") with Priority Digit Sdn Bhd to acquire 1,152,000 ordinary shares of RM1.00 each in N'osairis Technology Solutions Sdn Bhd ("N'osairis") representing 64.0% of the issued and paid-up share capital in N'osairis ("Sale Shares") for a purchase consideration of RM6.0 million. Upon completion of the Proposed Acquisition, N'osairis will be a 64.0%-owned subsidiary of th Company.

**B7 Group Borrowings and Debt Securities**

	<b>31.12.2015 RM'000</b>
<u>Secured short -term</u>	
Hire purchase payables	137
Term Loan	9,348
<u>Secured long -term</u>	
Hire purchase payables	522
Term Loan	39,428
Total borrowings	<u><b>49,435</b></u>

All borrowings are denominated in Ringgit Malaysia.

**B8 Material Litigations**

The Group is not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this quarterly report.

**B9 Earning Per Share ("EPS")**

The basic EPS is calculated based on the Group's profit attributable to ordinary equity holders of the parent for the current quarter and cumulative year to date, and divided by the weighted average number of shares of RM0.10 each in issue for the current quarter and cumulative year to date as follows :-

**(a) Basic EPS**

	Current Quarter Ended		Cumulative Year To Date	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	(24,599)	(1,309)	(30,976)	5,575
Weighted average number of ordinary shares in issue ('000)				
As at 1st January/October	254,808	213,933	235,175	194,781
Add: Effect of issuance of shares	-	154	19,713	15,060
Add: Effect of conversion of warrants	-	1,046	-	4,395
Less: Effect of treasury shares held	-	(39)	(80)	(19)
As 31st December	254,808	215,094	254,808	214,217
Basic (loss)/profit per ordinary shares (sen)	(9.654)	(0.609)	(12.157)	2.603

**(b) Fully diluted earnings per share**

Diluted earnings per share amounts are calculated by dividing the Group's profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Current Quarter Ended		Cumulative Year To Date	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	(24,599)	(1,309)	(30,976)	5,575
Weighted average no. of ordinary shares in issue ('000)	254,808	215,094	254,808	214,217
Effect of dilution for :-				
ESOS ('000)	-	213	306	213
Warrants ('000)*	-	-	(9,339)	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	254,808	215,307	245,775	214,430
Diluted (loss)/earnings per shares (sen)	(9.654)	(0.608)	(12.603)	2.600

\* The average market price is lower than the exercise price. Thus, no effect of dilution for warrants for the current quarter.

**B10 Proposed Dividend**

The is no proposed dividend has been declared for the current quarter under review.

**B11 Disclosure of Realised and Unrealised Profits/(Losses)**

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.07 and 2.23 of Bursa Malaysia Ace Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and the Company as at 31 December 2015 are as follows:-

	<b>As at 31.12.2015 RM'000</b>	<b>As at 31.12.2014 RM'000 Audited</b>
<b>Total retained profits of the Company and its subsidiaries:</b>		
- Realised	16,957	43,310
- Unrealised	(487)	(480)
<b>Total share of retained profits/(losses) from associate company:</b>		
- Realised	(4,249)	-
- Unrealised	-	-
<b>Less: Consolidated adjustments</b>	<u>(10,602)</u>	<u>(10,273)</u>
<b>Total Group retained profits as per consolidated accounts</b>	<u>1,619</u>	<u>32,557</u>

The determination of realised and unrealised profits is based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

**B12 Operating Profit**

	<b>3 months ended</b>		<b>Year-to-date</b>	
	<b>31.12.2015 RM'000</b>	<b>31.12.2014 RM'000</b>	<b>31.12.2015 RM'000</b>	<b>31.12.2014 RM'000</b>
Operating profit has been arrived at after charging:-				
Amortisation of intangible assets	572	1,018	2,692	2,722
Depreciation of property, plant and equipment	629	1,042	3,069	4,306
Interest expenses	907	348	3,376	1,384
Loss on disposal of property, plant and equipment	-	124	-	124
Property, plant and equipment written off	246	-	449	-
Realised loss on foreign exchange	(17)	-	7	-
Unrealised loss on foreign exchange	7	534	7	446
After crediting:-				
Gain on disposal of property, plant and equipment	(17)	-	22	-
Interest Income	58	55	118	98
Rental Income	1,020	70	4,402	268
Realised gain on foreign exchange	-	17	-	-
Unrealised gain on foreign exchange	(29)	-	-	-

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

**B13 Status of Utilisation of Proceeds from Private Placement**

As at 31 December 2015, the Group had fully utilised all the proceeds from private placements.

a) Details of Utilisation	Utilisation as at 31.12.2015 RM'000
Proceeds from Private Placement dated 20 March 2015	11,528
a) Part- finance the Proposed Acquisition of MEGB	11,355
b) Estimated expenses for the Proposed Private Placement	173
Total	11,528

The net proceeds amount from Placement of RM11,355 million used as purchase consideration of MEGB.