

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FOURTH QUARTER  
 ENDED 31 DECEMBER 2016**
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	3 MONTHS PERIOD ENDED		12 MONTHS PERIOD ENDED		
	Note	31 DECEMBER 2016	31 DECEMBER 2015	31 DECEMBER 2016	31 DECEMBER 2015
	RM	RM	Unaudited RM	Audited RM	
Revenue	19,987,722	18,393,048	81,449,476	100,255,722	
Cost of sales	(12,775,459)	(12,593,756)	(48,105,046)	(68,558,845)	
Gross Profit	7,212,263	5,799,292	33,344,430	31,696,877	
Other operating income	458,351	(2,910,585)	2,400,291	1,440,008	
Administrative expenses	(26,119,370)	(24,691,157)	(58,200,762)	(53,162,248)	
(Loss) / Profit from operations	(18,448,756)	(21,802,450)	(22,456,041)	(20,025,363)	
Share of results of associate	(3,459,832)	(2,051,558)	(6,538,109)	(4,248,752)	
Loss before interest and taxation	(21,908,588)	(23,854,008)	(28,994,150)	(24,274,115)	
Finance costs	(724,770)	(916,371)	(3,252,818)	(3,385,275)	
Loss before taxation	(22,633,358)	(24,770,379)	(32,246,968)	(27,659,390)	
Taxation	583,881	1,072,128	(2,220,038)	(2,419,601)	
Loss for the period	(22,049,477)	(23,698,251)	(34,467,006)	(30,078,991)	
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company	(22,787,722)	(23,697,605)	(35,612,359)	(30,074,839)	
Non-controlling interests	738,245	(646)	1,145,353	(4,152)	
	(22,049,477)	(23,698,251)	(34,467,006)	(30,078,991)	
<b>(Loss)/Earnings per share attributable to Owner of the Company</b>					
- Basic (sen)	B9	(7.82)	(9.30)	(12.54)	(11.86)
- Diluted (sen)	B9	(7.82)	(9.30)	(12.54)	(11.86)

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 2015.

QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FOURTH QUARTER  
ENDED 31 DECEMBER 2016

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 2016	31 DECEMBER 2015	31 DECEMBER 2016	31 DECEMBER 2015
	RM	RM	Unaudited RM	Audited RM
(Loss)/Profit for the period	(22,049,477)	(23,698,251)	(34,467,006)	(30,078,991)
<b>OTHER COMPREHENSIVE INCOME</b>				
Exchange difference arising on translation of foreign operations	(46,583)	(124,994)	(84,733)	183,815
Amortisation of revaluation reserve	(11,401)	(11,634)	(45,607)	(46,538)
Other comprehensive (loss)/income, net of tax	(57,984)	(136,628)	(130,340)	137,277
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>(22,107,461)</b>	<b>(23,834,879)</b>	<b>(34,597,346)</b>	<b>(29,941,714)</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the Company	(22,845,706)	(23,834,233)	(35,742,699)	(29,937,562)
Non-controlling interests	738,245	(646)	1,145,353	(4,152)
	<b>(22,107,461)</b>	<b>(23,834,879)</b>	<b>(34,597,346)</b>	<b>(29,941,714)</b>

website : <http://www.smrhub.com/>
**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FOURTH QUARTER  
 ENDED 31 DECEMBER 2016**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<i>Unaudited</i> <b>31 DECEMBER 2016</b>	<i>Audited</i> <b>31 DECEMBER 2015</b>
	<b>RM</b>	<b>RM</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	7,409,963	7,603,334
Investment in associate	16,535,040	30,675,074
Goodwill on consolidation	16,723,830	13,902,040
Intangible assets	10,560,881	14,118,153
	<u>51,229,714</u>	<u>66,298,601</u>
<b>CURRENT ASSETS</b>		
Inventories	-	24,206
Trade and other receivables	35,556,880	44,209,214
Deferred tax assets	187,496	180,455
Tax recoverable	2,283,495	2,173,420
Deposits placed with licensed banks	3,109,333	3,815,358
Cash and bank balances	2,804,982	9,467,678
	<u>43,942,186</u>	<u>59,870,331</u>
<b>TOTAL ASSETS</b>	<b><u>95,171,900</u></b>	<b><u>126,168,932</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	29,735,313	26,029,469
Share premium	34,509,031	30,546,805
Treasury shares	(2,432,951)	(2,431,051)
Share based payment reserve	4,136,346	-
Revaluation reserve	2,234,743	2,280,350
Foreign currency translation reserve	1,484,038	1,568,771
Statutory reserve	203,809	203,809
Retained profits	(33,327,371)	2,528,566
	<u>36,542,958</u>	<u>60,726,719</u>
Non-controlling interests	2,592,824	127,689
<b>TOTAL EQUITY</b>	<b><u>39,135,782</u></b>	<b><u>60,854,408</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Loans and borrowings	26,447,996	39,871,758
Deferred tax liabilities	2,225,851	2,249,273
	<u>28,673,847</u>	<u>42,121,031</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	12,083,916	11,873,733
Loans and borrowings	13,403,277	9,563,172
Tax payables	(288,292)	1,756,588
Overdrafts - secured	2,163,370	-
	<u>27,362,271</u>	<u>23,193,493</u>
<b>TOTAL LIABILITIES</b>	<b><u>56,036,118</u></b>	<b><u>65,314,524</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>95,171,900</u></b>	<b><u>126,168,932</u></b>
Number of ordinary shares at RM0.10 sen par each	297,353,127	260,294,686
Net assets per share attributable to owners of the Company (sen)	<u>12.3</u>	<u>23.3</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 2015.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FOURTH QUARTER  
 ENDED 31 DECEMBER 2016**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 (THE FIGURES HAVE NOT BEEN AUDITED)**

	Non-Distributable							Distributable		Non Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Share Premium	Share Based Payment Reserve	Foreign Currency Translation Reserve	Revaluation Reserve	Statutory Reserve	Retained Profits	Sub-total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Current year ended 31 DECEMBER 2016</b>											
As at 1 January 2016	26,029,469	(2,431,051)	30,546,805	-	1,568,771	2,280,350	203,809	2,528,566	60,726,719	127,689	60,854,408
(Loss)/Profit for the period	-	-	-	-	-	-	-	(35,612,359)	(35,612,359)	1,145,353	(34,467,006)
Other Comprehensive income for the period	-	-	-	-	(84,733)	(45,607)	-	45,607	(84,733)	-	(84,733)
Total comprehensive (loss)/income for the period	-	-	-	-	(84,733)	(45,607)	-	(35,566,752)	(35,697,092)	1,145,353	(34,551,739)
Issuance of shares pursuant to :-											
- Private Placement	3,705,844	-	3,962,226	-	-	-	-	-	7,668,070	-	7,668,070
Acquisition of Subsidiary	-	-	-	-	-	-	-	-	-	1,319,782	1,319,782
Disposal of shares	-	-	-	-	-	-	-	(227,090)	(227,090)	-	(227,090)
Share-based payment	-	-	-	4,136,346	-	-	-	-	4,136,346	-	4,136,346
Repurchased of shares	-	(1,900)	-	-	-	-	-	-	(1,900)	-	(1,900)
Prior year adjustment	-	-	-	-	-	-	-	(62,095)	(62,095)	-	(62,095)
Balance as at 31 December 2016	29,735,313	(2,432,951)	34,509,031	4,136,346	1,484,038	2,234,743	203,809	(33,327,371)	36,542,958	2,592,824	39,135,782
	-	-	-	-	-	-	-	-	-	-	-
<b>Corresponding year ended 31 DECEMBER 2015</b>											
As at 1 January 2015	23,517,495	(2,376,144)	21,256,938	44,930	1,384,956	2,326,888	203,809	32,556,863	78,915,735	131,841	79,047,576
Profit for the period	-	-	-	-	-	-	-	(30,074,839)	(30,074,839)	(4,152)	(30,078,991)
Other comprehensive income for the period	-	-	-	-	183,815	(46,538)	-	46,538	183,815	-	183,815
Total comprehensive income for the period	-	-	-	-	183,815	(46,538)	-	(30,028,301)	(29,891,024)	(4,152)	(29,895,176)
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
Forfeiture of ESOS	-	-	-	(4)	-	-	-	4	-	-	-
Repurchased of shares	-	(54,907)	-	-	-	-	-	-	(54,907)	-	(54,907)
Balance as at 31 December 2015	26,029,469	(2,431,051)	30,546,805	-	1,568,771	2,280,350	203,809	2,528,566	60,726,719	127,689	60,854,408

Note:

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FOURTH QUARTER  
 ENDED 31 DECEMBER 2016**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
 (THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>CURRENT PERIOD ENDED 31 DECEMBER 2016</b>	<b>CORRESPONDING PERIOD ENDED 31 DECEMBER 2015</b>
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	(32,246,968)	(27,659,390)
Adjustments for:		
Depreciation	1,895,848	3,068,612
Allowance of impairment for goodwill	-	3,604,406
Amortisation of intangible assets	746,066	2,691,952
Amortisation of other receivables no longer required	-	(1,180)
Interest income	(117,745)	(134,961)
Interest expenses	3,252,818	3,385,275
Bad debts Written Off	2,177,384	-
Share of result of associate	6,538,109	4,248,752
Loss/(gain) on disposal of property, plant and equipment	(743,248)	(22,370)
Loss/(gain) on disposal of Subsidiary	(777,089)	-
Impairment of Intangible Assets	3,881,206	3,681,627
Impairment loss in investment in associate	7,701,925	8,326,279
Impairment loss in other receivables	-	450,000
Share-based payments reserved in relating to ESOS	4,136,346	-
Loss/(gain) on disposal of intangible assets	-	1,585,647
Property, plant and equipment written off	1,695	449,116
Prepayment written off	-	1,096,000
Provision for doubtful debts	3,538,481	1,104,667
Unrealised foreign exchange (gain)/loss	(2,614)	15,065
Operating profit before working capital changes	<u>(17,786)</u>	<u>5,889,497</u>
Changes in working capital		
Receivables	7,232,642	8,281,462
Payables	(2,676,610)	(3,062,177)
Inventories	24,206	9,453
Cash (used in)/generated from operations	<u>4,562,452</u>	<u>11,118,235</u>
Tax paid	(4,843,250)	(5,862,764)
Tax refunded	54,550	124,534
Interest expense	(143,420)	(145,183)
Interest received	117,745	134,961
<b>Net cash generated from/(used in) operating activities</b>	<b><u>(251,923)</u></b>	<b><u>5,369,783</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,532,361)	(2,227,545)
Purchase of intangible asset	(1,070,000)	(2,000,000)
Purchase of shares in associate	-	-
Proceeds from disposal of shares	450,000	-
Deposit held as security	706,025	(1,736,210)
Net cash inflow on investment in subsidiary	(2,964,862)	-
Proceeds from disposal of property, plant & equipment	-	37,993
<b>Net cash generated from/(used in) investing activities</b>	<b><u>(4,411,198)</u></b>	<b><u>(5,925,762)</u></b>

	<b>CURRENT PERIOD ENDED 31 DECEMBER 2016</b>	<b>CORRESPONDING PERIOD ENDED 31 DECEMBER 2015</b>
	RM	RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from disposal of assets	958,832	-
Proceeds on issuance of shares	7,668,070	11,756,915
Term loan drawdown	-	36,330,000
Purchase of treasury shares	(1,900)	(54,907)
Investment in associates	-	(51,900,127)
Dividend received from associate	-	8,650,022
Repayment of hire purchase payables	(235,657)	(348,791)
Repayment of term loan	(9,348,000)	(8,310,000)
Interest paid	(3,109,398)	(3,240,092)
<b>Net cash generated from/(used in) financing activities</b>	<b>(4,068,053)</b>	<b>(7,116,980)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(8,731,174)</b>	<b>(7,672,959)</b>
Effect of foreign exchange rate change	(94,893)	217,321
Opening balance of cash and cash equivalents	9,467,679	16,923,316
<b>Closing balance of cash and cash equivalents</b>	<b>641,612</b>	<b>9,467,678</b>
<b>Cash and cash equivalents</b>		
Fixed deposits with licensed bank	3,109,332	3,815,358
Cash and bank balances	2,804,982	9,467,678
Overdraft	(2,163,370)	-
	3,750,944	13,283,036
Less: Deposits held as security	(3,109,332)	(3,815,358)
<b>Closing balance of cash and cash equivalents</b>	<b>641,612</b>	<b>9,467,678</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 2015.

website : <http://www.smrhub.com/>
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**
**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").

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended ("FYE") 31 December 2014. These explanatory notes attached to the interim financial statement provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the FYE 31 December 2014.

**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 2015 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 2016 as disclosed below: -

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to MFRS 10, MFRS 12 and MFRS128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 141	Agriculture: Bear Plants
Amendments to MFRS 119	Employee Benefits
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Annual Improvements to MFRSs	2012 - 2014 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 2015 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.

The details movement of the issued and paid up capital and share premium reserved for the Company for the current quarter under review are as follows:-

	No. of shares Issued and fully paid up ordinary '000	Share Capital RM '000	Share Premium RM '000	Total RM '000
As at 1 September 2016	285,505	28,551	33,194	61,745
Issuance of shares via Private Placement	11,848	1,185	1,315	2,500
Issuance of shares via ESOS	-	-	-	-
Transfer of ESOS reserved upon exercised of ESOS	-	-	-	-
Conversion of Warrants to Ordinary Shares	-	-	-	-
As at 31 December 2016	<b>297,353</b>	<b>29,735</b>	<b>34,509</b>	<b>64,244</b>

**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>3 Months Ended 31 December 2016</b>						
<b>Revenue</b>						
External customers	15,200	1,365	3,017	406	-	19,988
Inter-company sales	(10)	375	1,574	10	(1,949)	-
Dividend income	-	-	-	8,763	(8,763)	-
	15,190	1,740	4,591	9,179	(10,712)	19,988

**Results:**

Interest income	1	89	-	-	-	90
Interest expenses	1,379	(2)	(30)	(2,072)	-	(725)
Depreciation	(334)	(20)	(203)	(1)	-	(558)
Amortisation	(148)	-	(204)	-	-	(352)
Unallocated expenses	4,163	(5,738)	1,938	9,669	(11,414)	(1,382)
Other non cash expenses	-	(2,585)	(5,369)	(18,342)	10,050	(16,246)
Operating profit	5,061	(8,256)	(3,868)	(10,746)	(1,364)	(19,173)
Share of results of associate	(3,460)	-	-	-	-	(3,460)
Profit/(Loss) before tax	1,601	(8,256)	(3,868)	(10,746)	(1,364)	(22,633)
Income tax expense	(545)	807	316	6	-	584
Segment profit/(loss)	1,056	(7,449)	(3,552)	(10,740)	(1,364)	(22,049)

**12 Months Ended 31 Decemebr 2016**

<b>Revenue</b>						
External customers	66,023	4,319	9,515	1,592	-	81,449
Inter-company sales	-	1,572	4,165	(59)	(5,678)	-
Dividend income	4,201	-	-	10,562	(14,763)	-
	70,224	5,891	13,680	12,095	(20,441)	81,449

**Results:**

Interest income	29	89	-	-	-	118
Interest expenses	(760)	(19)	(142)	(2,332)	-	(3,253)
Depreciation	(1,326)	(214)	(355)	(1)	-	(1,896)
Amortisation	(542)	-	(204)	-	-	(746)
Unallocated expenses	15,181	(8,728)	2,626	9,109	(18,205)	(17)
Other non cash expenses	(25)	(1,821)	(7,908)	(20,838)	10,677	(19,915)
Operating profit	12,557	(10,693)	(5,983)	(14,062)	(7,528)	(25,709)
Share of results of associate	(6,538)	-	-	-	-	(6,538)
Profit before tax	6,019	(10,693)	(5,983)	(14,062)	(7,528)	(32,247)
Income tax expense	(2,053)	(482)	314	1	-	(2,220)
Segment profit/(loss)	3,966	(11,175)	(5,669)	(14,061)	(7,528)	(34,467)



(b) Analysis by geographical areas

Revenue	3 months ended 31 December 2016			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Conso- lidated RM'000
External sales	19,957	31	-	19,988
Inter-segment	1,935	14	(1,949)	-
Total	21,892	45	(1,949)	19,988

Revenue	12 months ended 31 December 2016			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Conso- lidated RM'000
External sales	81,350	100	-	81,450
Inter-segment	5,617	61	(5,678)	-
Total	86,967	161	(5,678)	81,450

Segment assets	285,514	3,623	(193,133)	96,004
Segment liabilities	210,866	148	(154,978)	56,036
Depreciation & amortisation	2,624	18	-	2,642

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

The Company had on 8 February 2017 announced that CUCMS Education Sdn Bhd ("CESB"), a wholly-owned subsidiary entered into a Share Sale Agreement with Country Heights Holdings Berhad ("CHHB") and Mohamed Rasidi Bin Harun for the acquisition of 1,142,880 ordinary shares of RM1.00 each in Country Heights Education Sdn Bhd ("CHESB"), representing 80% of the ordinary shares in CHESB ("the Sale Shares"), and 6,771,000 cumulative redeemable preference shares of RM0.01 each in CHESB, representing all of the cumulative redeemable preference shares in CHESB ("Sale CPRS") for a total cash consideration of RM120,001.00 ("the Acquisition"). Upon completion of the Acquisition, CESB shall own 80% of the ordinary shares in CHESB and all of the cumulative redeemable preference shares in CHESB, which will result in CHESB becoming a subsidiary of CESB. The remaining 20% of the ordinary shares in CHESB shall be owned by Ng Yin Ming.

**A11 Changes in the Composition of the Group**

There were no material changes in the composition of the Group during 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 31.12.2016  
RM'000

5,903

Save for the above, there were no changes in the contingent liabilities and contingent assets of the Group, since the last audited accounts as at 31 December 2015.

**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 recorded an increased in revenue of 9% to RM20.0 million for the current quarter under review as compared to the preceding year's corresponding quarter amounted to RM18.4 million (Q4,2015). The Group recorded a loss before taxation ("LBT") for the current quarter was RM22.6 million as compared to RM24.8 million in the preceding year corresponding quarter. The losses mainly due to one-off expenses incurred and share of losses from associate in the current quarter.

The education segment recorded a decrease in revenue to RM15.2 million for the current quarter as compared to RM20.6 million in the preceding year corresponding quarter. This segment recorded a lower profit after tax ("PAT") of RM1.1 million for current quarter as compared to RM2.0 million in the preceding year corresponding quarter. This was mainly due to dividend income received from subsidiaries Q4, 2015 and share of losses from associate.

The training segment maintained the revenue of RM1.4 million for the current quarter as compared to Q4, 2015. However, the training segment recorded a LAT of RM7.4 million in the current quarter as compared to RM3.7 million in the preceding year corresponding quarter. This is mainly due to high operating expenses incurred for the current quarter.

The technology segment recorded an increased in revenue to RM3.0 million for the current quarter as compared to lower revenue in the preceding year corresponding quarter mainly due to revenue contribution resulted from acquisition of N'osairis representing 64% equity interest of the issued and paid up share capital of N'osairis. However, the technology segment recorded LAT of RM3.6 million for the current quarter as compared to RM5.9 million in the preceding corresponding quarter mainly due to high operating expenses incurred for the current quarter.

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

The Group recorded a decrease in revenue of 19% to RM81.5 million for the current year to date as compared to RM100.3 million in the preceding year corresponding period. As a results of this, the Group recorded a LBT of RM32.2 million for the current year to date as compared to RM27.7 million in the preceding year corresponding period mainly due to lower revenue contribution and share of losses from associate.

The education segment recorded an increased in revenue to RM70.2 million for the current year to date as compared to RM82.7 million in the preceding year corresponding period. This segment reported a PAT of RM4.0 million for the current year to date as compared to RM18.9 million in the preceding year corresponding period mainly due to share of losses of associate. Furthermore, this segment recorded a decreased in dividend income received of RM4.2 million as compared to Q4, 2015 of RM17.1 million.

The training segment recorded a decreased in revenue to RM4.3 million for the current year to date as compared to RM32.8 million in the preceding year corresponding period. As a results to this, this segment recorded a LAT of RM11.2 million for the current year to date as compared to RM3.1 million in the preceding year corresponding period mainly due lower revenue generated and high operating expenses incurred in this segment.

The technology segment recorded an increased in revenue to RM9.5 million for the current year to date as compared to lower revenue in the preceding year corresponding period. Hence, this business segment recorded an improvement in LAT to RM5.7 million as compared to RM11.7 million in the preceding year corresponding period.

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

The Group's recorded a decrease in loss before tax to RM22.6 million in the current quarter as compared to RM3.1 million in the immediate preceding quarter (Q3, 2016). The losses in Q4, 2016 was mainly due to one-off expenses incurred in this quarter.

### B3 Prospects for the Current Financial Year

The Group's outlook for the year remains positive despite the 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**

	Current Quarter 31.12.2016 RM'000	Cumulative Quarter 31.12.2016 RM'000
Income tax		
Current	(369)	2,007
(Over)/Under provision of tax in prior year	(200)	242
Deferred tax liabilities	(15)	(29)
	<u>(584)</u>	<u>2,220</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 15 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 15 June 2018.

**B6 Status of Corporate Proposal**

Save for the disclosed below, there was no other corporate proposals announced but not yet completed as at the date of this quarterly announcement.

- a) On 2 September 2016, TA Securities Holdings Berhad ("TA Securities") announced on behalf the Company proposed to undertake a Private Placement of up to 36,021,725 new Shares for the Company, representing up to ten percent (10%) of the issued and paid-up share capital (assuming full exercise of all the 74,712,468 outstanding Warrants and all the 7,216,700 treasury shares resold) of which the approval from Bursa Securities was obtained on 29 September 2016.

On 14 October 2016, the Company placed out a total of 11,848,341 new Shares pursuant to the first placement tranche of the Private Placement. Accordingly, the Company had raised gross proceeds of approximately RM2.50 million from the first placement tranche of the Private Placement.

- b) On 5 December 2016, TA Securities announced on behalf the Company that the Company and its wholly-owned subsidiary, SMR Education Sdn Bhd ("SESB"), entered into a conditional share sale agreement with ASIAMET Education Group Berhad ("AEGB") for the proposed disposal of the entire issued and paid-up share capital of CUCMS Education Sdn Bhd ("CESB"), comprising 20,000,000 ordinary shares of RM1.00 each in CESB to AEGB for a total disposal consideration of RM166.0 million.

SESB proposed to undertake a placement of up to 210,000,000 Placement Shares to independent third party investors (i.e. persons other than the Directors, major shareholders or chief executive of the Company or SESB and/or persons connected with them) to be identified prior to the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities, who qualify under Schedules 6 or 7 of the CMSA, at a placement price of RM0.20 which is subject to the Company shareholders' approval.

Upon allotment and issuance of the Consideration Shares pursuant to the Proposed Disposal, SESB, together with the Parties Acting in Concerts ("PACs") will collectively hold equity interests of 85.0% in the enlarged AEGB Group. The interest held by SESB will increase, from nil, to more than 33% (i.e. 48.18%) in the enlarged issued and paid-up share capital of the AEGB. Following thereof, SESB proposed to undertake a placement of up to 210,000,000 Placement Shares, thereby reducing SESB's equity interest from 48.18% to 30.76% upon the completion of the Proposed Placement. In accordance with Section 218(2) of the CMSA and Paragraph 4.01(a) of the Rules, SESB will be obliged to undertake the Mandatory Offer upon allotment and issuance of the Consideration Shares.

- c) The Company had on 8 February 2017 announced that CUCMS Education Sdn Bhd ("CESB"), a wholly-owned subsidiary entered into a Share Sale Agreement with Country Heights Holdings Berhad ("CHHB") and Mohamed Rasidi Bin Harun for the acquisition of 1,142,880 ordinary shares of RM1.00 each in Country Heights Education Sdn Bhd ("CHESB"), representing 80% of the ordinary shares in CHESB ("the Sale Shares"), and 6,771,000 cumulative redeemable preference shares of RM0.01 each in CHESB, representing all of the cumulative redeemable preference shares in CHESB ("Sale CPRS") for a total cash consideration of RM120,001.00 ("the Acquisition").

Upon completion of the Acquisition, CESB shall own 80% of the ordinary shares in CHESB and all of the cumulative redeemable preference shares in CHESB, which will result in CHESB becoming a subsidiary of CESB. The remaining 20% of the ordinary shares in CHESB shall be owned by Ng Yin Ming.

**B7 Group Borrowings and Debt Securities****31.12.2016  
RM'000**Secured short -term

Overdraft	2,163
Hire purchase payables	163
Term Loan	13,241

Secured long -term

Hire purchase payables	261
Term Loan	26,187
<b>Total borrowings</b>	<b>42,015</b>

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 Loss / Earning Per Share ("LPS / EPS")**

The basic LPS/ 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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	(22,788)	(23,698)	(35,612)	(30,075)
Weighted average number of ordinary shares in issue ('000)				
As at 1 January/ Sept 2016	281,642	254,808	260,295	234,094
Add: Effect of issuance of shares	9,659	-	23,781	19,595
Add: Effect of conversion of warrants	-	-	-	-
Less: Effect of treasury shares held	-	-	(6)	(78)
As at 31 December 2016	291,301	254,808	284,070	253,611
Basic (loss)/profit per ordinary shares (sen)	(7.823)	(9.300)	(12.536)	(11.859)

**(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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	(22,788)	(23,698)	(35,612)	(30,075)
Weighted average no. of ordinary shares in issue ('000)	291,301	254,808	284,070	253,611
Effect of dilution for :-				
ESOS ('000)	-	-	-	-
Warrants ('000)*	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	291,301	254,808	284,070	253,611
Diluted (loss)/earnings per shares (sen)	(7.823)	(9.300)	(12.536)	(11.859)

\* The average market price is lower than the exercise price. Thus, no effect of dilution for ESOS and 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 30 September 2016 are as follows:-

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000 Audited
<b>Total retained profits of the Company and its subsidiaries:</b>		
- Realised	(12,373)	16,481
- Unrealised	(7,573)	(3,350)
	(19,946)	13,131
<b>Total share of retained profits/(losses) from associate company:</b>		
- Realised	(8,840)	(15,892)
- Unrealised	-	-
	(8,840)	(15,892)
<b>Less: Consolidated adjustments</b>	(4,541)	5,289
<b>Total Group retained profits as per consolidated accounts</b>	<b>(33,327)</b>	<b>2,528</b>

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**

	3 months ended		Year-to-date	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Operating profit has been arrived at after charging:-				
Amortisation of intangible assets	352	-	746	2,120
Depreciation of property, plant and equipment	558	-	1,896	2,440
Interest expenses	725	-	3,253	2,469
Impairment of Goodwill	-	3,604	-	3,604
Impairment of investment in associates	7,702	8,326	7,702	8,326
Impairment of intangible assets	3,881	3,682	3,881	3,682
Loss on disposal of intangible assets	-	1,586	-	1,586
Property, plant and equipment written off	-	246	2	449
Realised loss on foreign exchange	41	(17)	179	7
Unrealised loss on foreign exchange	(9)	15	-	15
After crediting:-				
Gain on disposal of property, plant and equipment	-	(17)	743	22
Gain on disposal of subsidiary	1	-	776	-
Interest Income	90	75	118	135
Rental Income	98	(3,088)	341	294
Realised gain on foreign exchange	(11)	-	82	-
Unrealised gain on foreign exchange	3	(29)	3	-

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 2016, the Group had fully utilised the proceeds from 1st Tranche of private placements.

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Deviation Amount		Explanations (if the deviation is 5% or more)
				RM'000	%	
Proceeds from Proposed Private Placement dated 18 October 2016		2,500				
a) Repayment of bank borrowing	3,500	1,850	Within 12 months	1,650	35%	NIL
b) Working capital	1,159	550	Within 12 months	609	13%	
c) Estimate expenses in relation to the Private Placement	100	77	within 2 weeks	23	0%	
<b>Total</b>	<b>4,759</b>	<b>2,477</b>		<b>2,282</b>	<b>48%</b>	