

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FIRST QUARTER  
 ENDED 31 MARCH 2017**
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 (THE FIGURES HAVE NOT BEEN AUDITED)

Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS PERIOD ENDED		3 MONTHS PERIOD ENDED	
	31 MARCH 2017	31 MARCH 2016	31 MARCH 2017	31 MARCH 2016
	RM	RM	Unaudited RM	Unaudited RM
Revenue	19,261,648	19,844,373	19,261,648	19,844,373
Cost of sales	(11,858,066)	(11,806,708)	(11,858,066)	(11,806,708)
Gross Profit	7,403,582	8,037,665	7,403,582	8,037,665
Other operating income	362,631	1,281,669	362,631	1,281,669
Administrative expenses	(9,966,501)	(10,004,431)	(9,966,501)	(10,004,431)
(Loss) / Profit from operations	(2,200,288)	(685,097)	(2,200,288)	(685,097)
Share of results of associate	(2,610,139)	(701,187)	(2,610,139)	(701,187)
Loss before interest and taxation	(4,810,427)	(1,386,284)	(4,810,427)	(1,386,284)
Finance costs	(769,182)	(887,299)	(769,182)	(887,299)
Loss before taxation	(5,579,609)	(2,273,583)	(5,579,609)	(2,273,583)
Taxation	(288,232)	(742,457)	(288,232)	(742,457)
Loss for the period	(5,867,841)	(3,016,040)	(5,867,841)	(3,016,040)
<b>(Loss)/Profit attributable to:</b>				
Owners of the Company	(5,848,598)	(3,119,999)	(5,848,598)	(3,119,999)
Non-controlling interests	(19,243)	103,959	(19,243)	103,959
	(5,867,841)	(3,016,040)	(5,867,841)	(3,016,040)

**(Loss)/Earnings per share attributable to  
 Owner of the Company**

- Basic (sen)	B9	(1.97)	(1.16)	(1.97)	(1.16)
- Diluted (sen)	B9	(1.97)	(1.16)	(1.97)	(1.16)

## 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 2016.

QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FIRST QUARTER  
ENDED 31 MARCH 2017

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

Note	INDIVIDUAL QUARTER 3 MONTHS PERIOD ENDED		CUMULATIVE QUARTER 3 MONTHS PERIOD ENDED	
	31 MARCH 2017	31 MARCH 2016	31 MARCH 2017	31 MARCH 2016
	RM	RM	Unaudited RM	Unaudited RM
(Loss)/Profit for the period	(5,867,841)	(3,016,040)	(5,867,841)	(3,016,040)
<b>OTHER COMPREHENSIVE INCOME</b>				
Exchange difference arising on translation of foreign operations	(6,208)	(66,661)	(6,208)	(66,661)
Amortisation of revaluation reserve	(11,174)	(11,402)	(11,174)	(11,402)
Other comprehensive (loss)/income, net of tax	(17,382)	(78,063)	(17,382)	(78,063)
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>(5,885,223)</b>	<b>(3,094,103)</b>	<b>(5,885,223)</b>	<b>(3,094,103)</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the Company	(5,458,872)	(3,201,568)	(5,865,980)	(3,198,062)
Non-controlling interests	(426,351)	107,465	(19,243)	103,959
	<b>(5,885,223)</b>	<b>(3,094,103)</b>	<b>(5,885,223)</b>	<b>(3,094,103)</b>

website : <http://www.smrhub.com/>
**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FIRST QUARTER  
 ENDED 31 MARCH 2017**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<i>Unaudited</i> 31 MARCH 2017	<i>Audited</i> 31 DECEMBER 2016
	RM	RM
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	7,284,526	7,409,963
Investment in associate	13,873,544	16,483,682
Goodwill on consolidation	16,723,830	16,723,830
Intangible assets	9,986,428	10,116,478
	<u>47,868,328</u>	<u>50,733,953</u>
<b>CURRENT ASSETS</b>		
Trade and other receivables	50,360,922	37,539,325
Deferred tax assets	315,499	315,255
Tax recoverable	2,674,238	2,514,291
Deposits placed with licensed banks	806,328	750,735
Cash and bank balances	6,114,091	5,163,727
	<u>60,271,078</u>	<u>46,283,333</u>
<b>TOTAL ASSETS</b>	<b><u>108,139,406</u></b>	<b><u>97,017,286</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	29,735,313	29,735,313
Share premium	34,509,031	34,509,031
Treasury shares	(122,448)	(2,432,951)
Share based payment reserve	2,743,852	2,279,687
Revaluation reserve	2,223,569	2,234,743
Foreign currency translation reserve	1,477,830	1,484,038
Statutory reserve	203,809	203,809
Accumulated losses	(40,269,297)	(34,431,873)
	<u>30,501,659</u>	<u>33,581,797</u>
Non-controlling interests	2,572,339	2,591,582
<b>TOTAL EQUITY</b>	<b><u>33,073,998</u></b>	<b><u>36,173,379</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Loans and borrowings	22,749,175	26,447,997
Deferred tax liabilities	2,544,279	2,575,185
	<u>25,293,454</u>	<u>29,023,182</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	32,336,736	16,243,044
Loans and borrowings	14,739,187	13,403,277
Tax payables	16,032	8,424
Overdrafts - secured	2,679,999	2,165,980
	<u>49,771,954</u>	<u>31,820,725</u>
<b>TOTAL LIABILITIES</b>	<b><u>75,065,408</u></b>	<b><u>60,843,907</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>108,139,406</u></b>	<b><u>97,017,286</u></b>
Number of ordinary shares at RM0.10 sen par each	297,353,127	297,353,127
Net assets per share attributable to owners of the Company (sen)	<u>10.3</u>	<u>11.3</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 2016.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FIRST QUARTER  
 ENDED 31 MARCH 2017**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 (THE FIGURES HAVE NOT BEEN AUDITED)**

	← <i>Non-Distributable</i> →							Sub-total	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
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
<b>Current year ended 31 MARCH 2017</b>											
As at 1 January 2017	29,735,313	(2,432,951)	34,509,031	2,279,687	1,484,038	2,234,743	203,809	(34,431,873)	33,581,797	2,591,582	36,173,379
(Loss)/Profit for the period	-	-	-	-	-	-	-	(5,848,598)	(5,848,598)	(19,243)	(5,867,841)
Other Comprehensive income for the period	-	-	-	-	(6,208)	(11,174)	-	11,174	(6,208)	-	(6,208)
Total comprehensive (loss)/income for the period	-	-	-	-	(6,208)	(11,174)	-	(5,837,424)	(5,854,806)	(19,243)	(5,874,049)
Disposal of treasury shares	-	2,311,328	-	-	-	-	-	-	2,311,328	-	2,311,328
Share-based payment	-	-	-	464,165	-	-	-	-	464,165	-	464,165
Repurchased of shares	-	(825)	-	-	-	-	-	-	(825)	-	(825)
Balance as at 31 March 2017	29,735,313	(122,448)	34,509,031	2,743,852	1,477,830	2,223,569	203,809	(40,269,297)	30,501,659	2,572,339	33,073,998
<b>Corresponding year ended 31 MARCH 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
Profit for the period	-	-	-	-	-	-	-	(3,119,999)	(3,119,999)	103,959	(3,016,040)
Other comprehensive income for the period	-	-	-	-	(66,661)	(11,402)	-	11,402	(66,661)	-	(66,661)
Total comprehensive income for the period	-	-	-	-	(66,661)	(11,402)	-	(3,108,597)	(3,186,660)	103,959	(3,082,701)
Issuance of shares pursuant to:-											
- Private placement	2,521,010	-	3,478,990	-	-	-	-	-	6,000,000	-	6,000,000
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	1,220,855	1,220,855
Repurchased of shares	-	(1,000)	-	-	-	-	-	-	(1,000)	-	(1,000)
Prior year adjustment	-	-	-	-	-	-	-	(932,216)	(932,216)	-	(932,216)
Balance as at 31 March 2016	28,550,479	(2,432,051)	34,025,795	-	1,502,110	2,268,948	203,809	(1,512,247)	62,606,843	1,452,503	64,059,346

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 2016.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENT FOR THE FIRST QUARTER  
 ENDED 31 MARCH 2017**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
 (THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>CURRENT PERIOD ENDED 31 MARCH 2017</b>	<b>CORRESPONDING PERIOD ENDED 31 MARCH 2016</b>
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	(5,579,609)	(2,273,583)
Adjustments for:		
Depreciation	408,891	470,727
Amortisation of intangible assets	130,050	131,323
Interest income	(37,203)	(867)
Interest expense	769,182	887,299
Share of result of associate	2,610,139	701,187
Loss/(gain) on disposal of property, plant and equipment	-	(743,248)
Loss/(gain) on disposal of treasury shares	1,053,137	
Share-based payments reserved in relating to ESOS	464,165	-
Property, plant and equipment written off	-	1,694
Provision for doubtful debts	67,950	(100,054)
Unrealised foreign exchange (gain)/loss	2,122	55,255
Operating profit before working capital changes	<u>(111,176)</u>	<u>(870,267)</u>
Changes in working capital		
Receivables	(12,890,650)	(16,250,799)
Payables	15,933,321	23,651,283
Inventories	-	24,206
Cash (used in)/generated from operations	<u>2,931,495</u>	<u>6,554,423</u>
Tax paid	(312,329)	(3,333,059)
Tax refunded	-	39,250
Interest expense	(117,238)	(33,879)
Interest received	37,203	867
<b>Net cash generated from/(used in) operating activities</b>	<b><u>2,539,131</u></b>	<b><u>3,227,602</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(282,585)	(396,164)
Deposit held as security	(55,593)	(299,162)
Net cash inflow on investment in subsidiary	-	(3,802,292)
<b>Net cash generated from/(used in) investing activities</b>	<b><u>(338,178)</u></b>	<b><u>(4,497,618)</u></b>

	<b>CURRENT PERIOD ENDED 31 MARCH 2017</b>	<b>CORRESPONDING PERIOD ENDED 31 MARCH 2016</b>
	RM	RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from disposal of assets	-	966,332
Proceeds on issuance of shares	-	6,000,000
Proceeds from disposal of treasury shares	1,258,191	-
Purchase of treasury shares	(825)	(1,000)
Repayment of hire purchase payables	(48,861)	(72,313)
Repayment of term loan	(2,314,050)	(2,337,000)
Interest paid	(651,944)	(853,419)
<b>Net cash generated from/(used in) financing activities</b>	<b>(1,757,489)</b>	<b>3,702,600</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>443,464</b>	<b>2,432,584</b>
Effect of foreign exchange rate change	(7,119)	(59,363)
Opening balance of cash and cash equivalents	2,997,747	9,467,679
<b>Closing balance of cash and cash equivalents</b>	<b>3,434,092</b>	<b>11,840,900</b>
<b>Cash and cash equivalents</b>		
Fixed deposits with licensed bank	806,328	4,114,519
Cash and bank balances	6,114,091	14,006,745
Overdraft	(2,679,999)	(2,165,845)
	4,240,420	15,955,419
Less: Deposits held as security	(806,328)	(4,114,519)
<b>Closing balance of cash and cash equivalents</b>	<b>3,434,092</b>	<b>11,840,900</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 2016.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 31 MARCH 2017****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 2016. 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 2016.

**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 2016 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 2017 as disclosed below: -

Amendments to MFRS 12	Disclosure of Interests in Other Entities
Amendments to MFRS 107	Disclosure Initiative in Statement of Cash Flow
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

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 2016 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 except for the following :-

On 4 January 2017, the Company had resold a total of 7,015,600 treasury shares in the open market at the price of RM0.18 per share.

**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 March 2017</b>						
<b>Revenue</b>						
External customers	15,972	407	2,508	375	-	19,262
Inter-company sales	-	28	4,335	-	(4,363)	-
Dividend income	-	-	-	-	-	-
	<u>15,972</u>	<u>435</u>	<u>6,843</u>	<u>375</u>	<u>(4,363)</u>	<u>19,262</u>

**Results:**

*Included in the measure of segment (loss) / profit*

Interest income	1	23	13	-	-	37
Interest expenses	(144)	(11)	(45)	(569)	-	(769)
Depreciation	(287)	(26)	(96)	-	-	(409)
Amortisation	(130)	-	-	-	-	(130)
Other non cash expenses	(67)	(93)	(76)	(1,347)	-	(1,583)
Share of results of associate	(2,610)	-	-	-	-	(2,610)
Profit before tax	<u>(1,526)</u>	<u>(254)</u>	<u>(150)</u>	<u>(3,650)</u>	<u>-</u>	<u>(5,580)</u>
Income tax expense	(290)	-	2	-	-	(288)
Segment profit/(loss)	<u>(1,816)</u>	<u>(254)</u>	<u>(148)</u>	<u>(3,650)</u>	<u>-</u>	<u>(5,868)</u>

**(b) Analysis by geographical areas**

	3 months ended 31 March 2017			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Conso- lidated RM'000
<b>Revenue</b>				
External sales	19,258	4	-	19,262
Inter-segment	4,363	-	(4,363)	-
Total	<u>23,621</u>	<u>4</u>	<u>(4,363)</u>	<u>19,262</u>

<b>Segment assets</b>	270,655	3,530	(166,045)	108,140
<b>Segment liabilities</b>	232,174	142	(157,251)	75,065
<b>Depreciation &amp; amortisation</b>	537	2	-	539

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

- a) On 11 April 2017, TA Securities Holdings Berhad ("TA Securities") announced on behalf of the Company that the 2nd tranche of Private Placement has been completed, following the listing and quotation of the 16,681,027 Placement Shares on ACE Market of Bursa Malaysia Securities Berhad.
- b) Further to the announcements dated 5 December 2016 and 6 December 2016 in relation to the Proposed Disposal, Proposed Placement and Proposed Exemption (collectively referred to as "Proposals"), TA Securities had on 17 April 2017 announced on behalf of the Company, that the Company together with its wholly-owned subsidiary, SMR Education Sdn. Bhd. ("SMRE"), had entered into a supplemental agreement to amend and vary the SSA with Asiamet Education Group Berhad ("AEGB").

**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**

**As at 31.03.2017  
RM'000**

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

5,873

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 2016.

**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 a decrease in revenue of 3% to RM19.26 million for the current quarter under review as compared to the preceding year's corresponding quarter (Q1'2016) of RM19.84 million ("corresponding quarter").

The Group registered a loss before taxation ("LBT") for the current quarter of RM5.58 million as compared to RM2.27 million in the corresponding quarter. This is largely attributable to the higher share of losses from an associate, Asiamet Education Group Bhd ("AEGB") of RM2.61 million in the current quarter. AEGB incurred one-off losses of RM7.4 million out of which RM6.4 million arose from the disposal of Treasury shares. In addition, the Company incurred a loss in disposal of Treasury shares of RM1.1 million and share-based expenses of RM0.5 million arising from the exercise of ESOS during the current quarter.

### 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 RM5.83 million in the current quarter as compared to RM23.74 million in the immediate preceding quarter (Q4'2016) ("preceding quarter"). The significant losses in Q4'2016 arose largely from non-recurring expenditure and share of losses from AEGB. The higher losses in AEGB in the preceding quarter primarily arose from a one-time depreciation charge of RM10.0m from an accounting reclassification as well as a RM1.0m downward revaluation of property assets without recognising positive upward revaluation in line with Accounting Standard MFRS 136 in AEGB's income statement.

### 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 human resource development and technology.

In addition, the proposed injection of CUCMS Education Sdn Bhd ("CUCMS") into AEGB entails the merging of the education business under 1 entity thereby securing control of the entire education spectrum from AMET International School, Asia Metropolitan Colleges to CUCMS and Asia Metropolitan University. This would enable the enlarged AEGB Group to scale up and achieve operating cost efficiencies in the areas of facilities, sales & marketing and support services. This exercise is subject to the relevant approvals to be obtained.

The Education segment under AEGB will be led by a separate management team, thereby enabling SMRT to focus on growing its Training and Technology businesses.

The fast-expanding and evolving landscapes of the future involve human skills development and technology. Increasing interconnectivity in a globalised world, and the ability of people to adapt to rapid disruptions are crucial areas which businesses will need to focus upon. The opportunities are large particularly in emerging markets as the nature of globalisation changes, and technology reshapes the world. 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. The Group is poised to capitalise on these vast opportunities in the human resource development and technology arenas, with a geographical focus on the rapid growth region of South East Asia.

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

The Group has not announced or provided any profit forecast or profit guarantee for the current quarter under review.

**B5 Income Tax Expenses**

	<b>Current Quarter 31.03.2017 RM'000</b>	<b>Cumulative Quarter 31.03.2017 RM'000</b>
Income tax		
Current	327	327
(Over)/Under provision of tax in prior year	(8)	(8)
Deferred tax liabilities	(31)	(31)
	<b>288</b>	<b>288</b>

Income tax expenses were mainly from the provision of income tax expenses in education segments.

Management Made Easy Sdn Bhd, a wholly-owned subsidiary, was awarded Multimedia Super Corridor Status ("MSC Status") on 15 July 2013. The Pioneer Status granted to the subsidiary grants a 100% tax exemption on its chargeable income for a period of five years which expires on 15 June 2018.

**B6 Status of Corporate Proposals**

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

On 5 December 2016, the Company announced the following proposals :-

- (i) Disposal to AEGB by the Company and SMRE, of the entire issued and paid up share capital of CUCMS for a total disposal consideration of RM166 million to be satisfied via the issuance of approximately 248,897,163 new ordinary shares of RM0.20 each in AEGB to the Company and 581,102,837 new AEGB shares to SMRE at an issue price of RM0.20 ("Proposed Disposal);
- (ii) Placement of up to 210,000,000 consideration shares at an issue price of RM0.20 by SMRE to third party investors to be identified later prior to the listing of and quotation for the consideration shares on the Main Market of Bursa Malaysia Securities Berhad; and
- (iii) Exemption under Paragraph 4.08(1)(A) of the rules on take-overs, mergers and compulsory acquisitions to SMRE from the obligation to undertake a mandatory take-over offer to acquire all the remaining AEGB shares not already owned by SMRE and parties acting in concert with it, namely the Company, Strategic Ambience Sdn Bhd, Arenga Pinnata Sdn Bhd, Creador II, LLC and Creador II, LP upon completion of the Proposed Disposal.

The above proposals are currently pending approvals from the relevant authorities.

**B7 Group Borrowings and Debt Securities**

	<b>31.03.2017 RM'000</b>
<u>Secured short -term</u>	
Overdraft	2,680
Hire purchase payables	201
Term Loan	14,538
<u>Secured long -term</u>	
Hire purchase payables	174
Term Loan	22,575
Total borrowings	<b>40,168</b>

All borrowings are denominated in Ringgit Malaysia.

**B8 Material Litigation**

The Company and its subsidiary companies are 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 these companies 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	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	(5,849)	(3,120)	(5,849)	(3,120)
Weighted average number of ordinary shares in issue ('000)				
As at 1 January 2017	297,353	260,295	297,353	260,295
Add: Effect of issuance of shares	-	9,696	-	9,696
Less: Effect of treasury shares held	(2)	(2)	(2)	(2)
As at 31 March 2017	297,351	269,989	297,351	269,989
Basic (loss)/profit per ordinary shares (sen)	(1.97)	(1.16)	(1.97)	(1.16)

**(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	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	(5,849)	(3,120)	(5,849)	(3,120)
Weighted average no. of ordinary shares in issue	297,351	269,989	297,351	269,989
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	297,351	269,989	297,351	269,989
Diluted (loss)/earnings per shares (sen)	(1.97)	(1.16)	(1.97)	(1.16)

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

**B10 Proposed Dividend**

There is no proposed dividend 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.

The realised and unrealised profits or losses included in the accumulated losses of the Group and the Company as at 31 March 2017 are as follows:-

	<b>As at 31.03.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
<b>Total accumulated losses of the Company and its subsidiaries:</b>		Audited
- Realised	(13,773)	(17,978)
- Unrealised	(5,474)	(2,629)
	<u>(19,247)</u>	<u>(20,607)</u>
<b>Total share of losses from associate company:</b>		
- Realised	(13,462)	(22,813)
- Unrealised	-	-
	<u>(13,462)</u>	<u>(22,813)</u>
<b>Less: Consolidated adjustments</b>	(7,560)	8,988
<b>Total accumulated losses as per consolidated accounts</b>	<u>(40,269)</u>	<u>(34,432)</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>31.03.2017 RM'000</b>	<b>31.03.2016 RM'000</b>	<b>31.03.2017 RM'000</b>	<b>31.03.2016 RM'000</b>
Operating profit has been arrived at after charging:-				
Amortisation of intangible assets	130	131	130	131
Depreciation of property, plant and equipment	409	471	409	471
Interest expenses	769	887	769	887
Property, plant and equipment written off	-	2	-	2
Realised loss on foreign exchange	40	27	40	27
Unrealised loss on foreign exchange	2	55	2	55
	<hr/>			
After crediting:-				
Gain on disposal of property, plant and equipment	-	743	-	743
Interest Income	37	1	37	1
Rental Income	84	54	84	54
Realised gain on foreign exchange	-	21	-	21
	<hr/>			

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