

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER  
 ENDED 30 SEPTEMBER 2017**
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 (THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	3-MONTH PERIOD ENDED		9-MONTH PERIOD ENDED		
	Note	30 SEPTEMBER 2017	30 SEPTEMBER 2016	30 SEPTEMBER 2017	30 SEPTEMBER 2016
	RM	RM	Unaudited RM	Unaudited RM	
Revenue		28,699,560	22,250,586	71,741,962	61,461,754
Cost of sales		(18,670,445)	(12,488,397)	(46,640,626)	(35,329,587)
Gross Profit		10,029,115	9,762,189	25,101,336	26,132,167
Other operating income		487,386	230,873	945,769	1,941,940
Administrative expenses		(8,925,464)	(11,014,275)	(28,447,518)	(32,081,392)
Profit / (Loss) from operations		1,591,037	(1,021,213)	(2,400,413)	(4,007,285)
Share of results of associate		(373,591)	(1,290,597)	(4,106,961)	(3,078,277)
Profit / (Loss) before interest and taxation		1,217,446	(2,311,810)	(6,507,374)	(7,085,562)
Finance costs		(427,051)	(801,496)	(1,861,447)	(2,528,048)
Profit / (Loss) before taxation		790,395	(3,113,306)	(8,368,821)	(9,613,610)
Taxation		(369,481)	(1,495,616)	(655,215)	(2,803,919)
Profit / (Loss) for the period		420,914	(4,608,922)	(9,024,036)	(12,417,529)
<b>Profit / (Loss) attributable to:</b>					
Owners of the Company		(203,513)	(4,843,430)	(9,731,773)	(12,824,637)
Non-controlling interests		624,427	234,508	707,737	407,108
		420,914	(4,608,922)	(9,024,036)	(12,417,529)

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

- Basic (sen)	B9	(0.06)	(1.73)	(3.03)	(4.57)
- Diluted (sen)	B9	(0.06)	(1.73)	(3.03)	(4.57)

**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 STATEMENTS FOR THE THIRD QUARTER  
ENDED 30 SEPTEMBER 2017

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

Note	INDIVIDUAL QUARTER 3-MONTH PERIOD ENDED		CUMULATIVE QUARTER 9-MONTH PERIOD ENDED	
	30 SEPTEMBER 2017	30 SEPTEMBER 2016	30 SEPTEMBER 2017	30 SEPTEMBER 2016
	RM	RM	Unaudited RM	Unaudited RM
(Loss)/Profit for the period	420,914	(4,608,922)	(9,024,036)	(12,417,529)
<b>OTHER COMPREHENSIVE INCOME</b>				
Exchange difference arising on translation of foreign operations	(89,484)	12,105	(96,676)	(38,150)
Amortisation of revaluation reserve	(11,173)	(11,403)	(33,521)	(34,206)
Other comprehensive (loss)/income, net of tax	(100,657)	702	(130,197)	(72,356)
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>320,257</b>	<b>(4,608,220)</b>	<b>(9,154,233)</b>	<b>(12,489,885)</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the Company	(304,170)	(4,842,728)	(9,861,970)	(12,896,993)
Non-controlling interests	624,427	234,508	707,737	407,108
	<b>320,257</b>	<b>(4,608,220)</b>	<b>(9,154,233)</b>	<b>(12,489,885)</b>

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**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER  
ENDED 30 SEPTEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<i>Unaudited</i> <b>30 SEPTEMBER 2017</b>	<i>Audited</i> <b>31 DECEMBER 2016</b>
	RM	RM
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	6,776,009	7,409,963
Investment in associate	12,376,721	16,483,682
Goodwill on consolidation	16,723,830	16,723,830
Intangible assets	9,698,828	10,116,478
	<u>45,575,388</u>	<u>50,733,953</u>
<b>CURRENT ASSETS</b>		
Inventories	408,587	-
Trade and other receivables	54,425,772	37,539,325
Deferred tax assets	314,846	315,255
Tax recoverable	1,831,243	2,514,291
Deposits placed with licensed banks	1,215,975	750,735
Cash and bank balances	8,556,963	5,163,727
	<u>66,753,386</u>	<u>46,283,333</u>
<b>TOTAL ASSETS</b>	<b><u>112,328,774</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	76,170,781	29,735,313
Share premium	-	34,509,031
Treasury shares	(123,298)	(2,432,951)
Share based payment reserve	3,672,181	2,279,687
Revaluation reserve	2,201,222	2,234,743
Foreign currency translation reserve	1,387,362	1,484,038
Statutory reserve	203,809	203,809
Accumulated losses	(45,183,262)	(34,431,873)
	<u>38,328,795</u>	<u>33,581,797</u>
Non-controlling interests	3,079,436	2,591,582
<b>TOTAL EQUITY</b>	<b><u>41,408,231</u></b>	<b><u>36,173,379</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Loans and borrowings	15,401,045	26,447,997
Deferred tax liabilities	2,482,466	2,575,185
	<u>17,883,511</u>	<u>29,023,182</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	36,148,210	16,243,044
Loans and borrowings	16,390,975	13,403,277
Tax payables	(1,639,787)	8,424
Overdrafts - secured	2,137,634	2,165,980
	<u>53,037,032</u>	<u>31,820,725</u>
<b>TOTAL LIABILITIES</b>	<b><u>70,920,543</u></b>	<b><u>60,843,907</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>112,328,774</u></b>	<b><u>97,017,286</u></b>
Number of ordinary shares (unit)	361,117,275	297,353,127
Net assets per share attributable to owners of the Company (sen)	<u>10.6</u>	<u>11.3</u>

Note:

- a) With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium and capital redemption reserve accounts of RM34,509,031, has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amount being transferred from share premium and capital redemption reserve accounts within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

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 STATEMENTS FOR THE THIRD QUARTER  
 ENDED 30 SEPTEMBER 2017**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 (THE FIGURES HAVE NOT BEEN AUDITED)**

	Non-Distributable										
	Share Capital	Treasury Shares	Share Premium	Share Based Payment Reserve	Foreign Currency Translation Reserve	Revaluation Reserve	Statutory Reserve	Retained Profits	Sub-total	Non Controlling Interests	Total Equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Current year ended 30 SEPTEMBER 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	-	-	-	-	-	-	-	(9,731,773)	(9,731,773)	707,737	(9,024,036)
Other Comprehensive income for the period	-	-	-	-	(96,676)	(33,521)	-	33,521	(96,676)	-	(96,676)
Total comprehensive (loss)/income for the period	-	-	-	-	(96,676)	(33,521)	-	(9,698,252)	(9,828,449)	707,737	(9,120,712)
Issuance of shares pursuant to :-											
- ESOS exercised	4,005,335	-	-	-	-	-	-	-	4,005,335	-	4,005,335
- Warrants Converted	7,921,102	-	-	-	-	-	-	-	7,921,102	-	7,921,102
Transfer in accordance with Section 618(2) of CA 2016 (Note (a))	34,509,031	-	(34,509,031)	-	-	-	-	-	-	-	-
Acquisition of Subsidiary	-	-	-	-	-	-	-	-	-	131,768	131,768
Disposal of treasury shares	-	2,310,478	-	-	-	-	-	-	2,310,478	-	2,310,478
Loss on Disposal of Treasury shares	-	-	-	-	-	-	-	(1,053,137)	(1,053,137)	-	(1,053,137)
Share-based payment	-	-	-	1,392,494	-	-	-	-	1,392,494	-	1,392,494
Repurchased of shares	-	(825)	-	-	-	-	-	-	(825)	-	(825)
Interim dividend paid to Non Controlling Interests	-	-	-	-	-	-	-	-	-	(351,651)	(351,651)
Balance as at 30 September 2017	76,170,781	(123,298)	-	3,672,181	1,387,362	2,201,222	203,809	(45,183,262)	38,328,795	3,079,436	41,408,231
<b>Corresponding year ended 30 SEPTEMBER 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	-	-	-	-	-	-	-	(12,824,637)	(12,824,637)	407,108	(12,417,529)
Other comprehensive income for the period	-	-	-	-	(38,150)	(34,206)	-	34,206	(38,150)	-	(38,150)
Total comprehensive income for the period	-	-	-	-	(38,150)	(34,206)	-	(12,790,431)	(12,862,787)	407,108	(12,455,679)
Issuance of shares pursuant to:-											
- Private placement	2,521,010	-	3,478,990	-	-	-	-	-	6,000,000	-	6,000,000
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	1,319,783	1,319,783
Repurchased of shares	-	(1,900)	-	-	-	-	-	-	(1,900)	-	(1,900)
Disposal of shares	-	-	-	-	-	-	-	(227,091)	(227,091)	-	(227,091)
Balance as at 30 September 2016	28,550,479	(2,432,951)	34,025,795	-	1,530,621	2,246,144	203,809	(10,488,956)	53,634,941	1,854,580	55,489,521

**Note:**

(a) With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium and capital redemption reserve accounts of RM34,509,031, has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amount being transferred from share premium and capital redemption reserve accounts within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER  
ENDED 30 SEPTEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>CURRENT PERIOD ENDED 30 SEPTEMBER 2017</b>	<b>CORRESPONDING PERIOD ENDED 30 SEPTEMBER 2016</b>
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	(8,368,821)	(9,613,610)
Adjustments for:		
Depreciation	1,215,075	1,337,983
Allowance of doubtful debts	(6,987)	
Amortisation of intangible assets	417,650	393,970
Interest income	(40,140)	(28,427)
Interest expense	1,861,447	2,528,048
Bad debts Written Off	-	2,177,384
Share of result of associate	4,106,961	3,078,277
Loss/(gain) on disposal of property, plant and equipment	1,418	(743,248)
Loss/(gain) on disposal of Subsidiary	-	(775,470)
Share-based payments reserved in relating to ESOS	1,392,494	-
Property, plant and equipment written off	-	1,694
Provision for doubtful debts	67,950	2,999,495
Unrealised foreign exchange (gain)/loss	8,025	9,156
Operating profit before working capital changes	<u>655,072</u>	<u>1,365,252</u>
Changes in working capital		
Receivables	(16,955,839)	(10,976,759)
Payables	19,747,601	14,836,601
Inventories	(408,587)	24,206
Cash (used in)/generated from operations	<u>3,038,247</u>	<u>5,249,300</u>
Tax paid	(2,006,999)	(4,496,333)
Tax refunded	453,050	39,250
Interest expense	(213,834)	(112,416)
Interest received	40,140	28,427
<b>Net cash generated from/(used in) operating activities</b>	<b><u>1,310,604</u></b>	<b><u>708,228</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(587,804)	(1,186,305)
Purchase of intangible asset	-	(450,342)
Proceeds from disposal of shares	-	450,000
Deposit held as security	(465,240)	(339,162)
Net cash inflow on investment in subsidiary	131,768	(3,802,645)
Proceeds from disposal of property, plant & equipment	4,057	-
Interim Dividend Paid to Non-controlling interests	(351,651)	-
<b>Net cash generated from/(used in) investing activities</b>	<b><u>(1,268,870)</u></b>	<b><u>(5,328,454)</u></b>

	<b>CURRENT PERIOD ENDED 30 SEPTEMBER 2017</b>	<b>CORRESPONDING PERIOD ENDED 30 SEPTEMBER 2016</b>
	RM	RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from disposal of assets	-	966,332
Proceeds on issuance of shares	12,979,575	6,000,000
Proceeds from disposal of treasury shares	1,258,191	-
Loss on disposal in treasury shares	(1,053,137)	-
Purchase of treasury shares	(1,675)	(1,900)
Repayment of hire purchase payables	(148,203)	(164,241)
Repayment of term loan	(7,911,050)	(7,011,000)
Interest paid	(1,647,613)	(2,415,632)
<b>Net cash generated from/(used in) financing activities</b>	<b>3,476,088</b>	<b>(2,626,441)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,517,822</b>	<b>(7,246,667)</b>
Effect of foreign exchange rate change	(96,240)	800
Opening balance of cash and cash equivalents	2,997,747	9,467,679
<b>Closing balance of cash and cash equivalents</b>	<b>6,419,329</b>	<b>2,221,812</b>
<b>Cash and cash equivalents</b>		
Fixed deposits with licensed bank	1,215,975	4,154,519
Cash and bank balances	8,556,963	4,461,051
Overdraft	(2,137,634)	(2,239,239)
	7,635,304	6,376,331
Less: Deposits held as security	(1,215,975)	(4,154,519)
<b>Closing balance of cash and cash equivalents</b>	<b>6,419,329</b>	<b>2,221,812</b>

Note:

The unaudited condensed consolidated Statement of Cash Flow 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 statements 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 that 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 :-

- a) During the current financial quarter under review, the Company issued additional 508,500 new ordinary shares at exercise price of RM0.16 each pursuant to the Employee Shares Option Scheme ("ESOS").
- b) During the current financial quarter under review, the Company converted 44,006,121 warrants into ordinary shares at a conversion price of RM0.18. The Warrant 2012/2017 expired on 1 August 2017.
- c) During the current financial quarter under review, the Company repurchased 5,000 of its issued shares from the open market at RM0.17 per share. The repurchase transactions were financed from internally generated funds. The shares repurchased are being held as treasury shares.

The detailed movements 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 '000	Share Capital RM '000	Share Premium RM '000	Total RM '000
As at 1 July 2017	316,603	33,659	34,509	68,168
Issuance of shares via Private Placement	-	-	-	-
Issuance of shares via ESOS	509	81	-	81
Conversion of Warrants into Ordinary Shares	44,006	7,922	-	7,922
Transfer in accordance with Section 618(2) of CA 2016 (Note (i))	-	34,509	(34,509)	-
As at 30 September 2017	<b>361,118</b>	<b>76,171</b>	-	<b>76,171</b>

- (i) With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium and capital redemption reserve accounts of RM34,509,031, has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amount being transferred from share premium and capital redemption reserve accounts within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

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

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

**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 30 September 2017</b>						
<b>Revenue</b>						
External customers	16,626	911	11,163	-	-	28,700
Inter-company sales	-	5	(2,300)	-	2,295	-
Dividend income	5,251	-	-	2,874	(8,125)	-
	<u>21,877</u>	<u>916</u>	<u>8,863</u>	<u>2,874</u>	<u>(5,830)</u>	<u>28,700</u>

#### Results:

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

Interest income	1	-	13	-	-	14
Interest expenses	(79)	(7)	(39)	(302)	-	(427)
Depreciation	(284)	(22)	(66)	(7)	-	(379)
Amortisation	(158)	-	-	-	-	(158)
Other non cash expenses	2	1	-	589	-	592
Share of results of associate	(374)	-	-	-	-	(374)
Profit/(Loss) before tax	<u>968</u>	<u>108</u>	<u>1,207</u>	<u>(1,493)</u>	<u>-</u>	<u>790</u>
Income tax expense	(353)	(2)	(9)	(5)	-	(369)
Segment profit/(loss)	<u>615</u>	<u>106</u>	<u>1,198</u>	<u>(1,498)</u>	<u>-</u>	<u>421</u>

### 9 Months Ended 30 September 2017

#### Revenue

External customers	48,298	1,425	21,269	750	-	71,742
Inter-company sales	-	39	1,486	-	(1,525)	-
Dividend income	5,251	-	-	2,874	(8,125)	-
	<u>53,549</u>	<u>1,464</u>	<u>22,755</u>	<u>3,624</u>	<u>(9,650)</u>	<u>71,742</u>

#### Results:

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

Interest income	3	23	13	1	-	40
Interest expenses	(349)	(30)	(128)	(1,354)	-	(1,861)
Depreciation	(857)	(71)	(280)	(7)	-	(1,215)
Amortisation	(418)	-	-	-	-	(418)
Other non cash expenses	(66)	(95)	(77)	(1,222)	-	(1,460)
Share of results of associate	(4,107)	-	-	-	-	(4,107)
Profit before tax	<u>(1,497)</u>	<u>(860)</u>	<u>1,040</u>	<u>(7,052)</u>	<u>-</u>	<u>(8,369)</u>
Income tax expense	(634)	(2)	(14)	(5)	-	(655)
Segment profit/(loss)	<u>(2,131)</u>	<u>(862)</u>	<u>1,026</u>	<u>(7,057)</u>	<u>-</u>	<u>(9,024)</u>

(b) Analysis by geographical areas

	3-months ended 30 September 2017			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Conso- lidated RM'000
Revenue				
External sales	28,700	-	-	28,700
Inter-segment	(2,295)	-	2,295	-
Total	26,405	-	2,295	28,700

	9-months ended 30 September 2017			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Total Operations RM'000
Revenue				
External sales	71,738	4	-	71,742
Inter-segment	1,525	-	(1,525)	-
Total	73,263	4	(1,525)	71,742

Segment assets	277,418	34	(165,123)	112,329
Segment liabilities	228,715	2	(157,796)	70,921
Depreciation & amortisation	1,628	5	-	1,633

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

- a) Further to the announcements dated 5 December 2016, 6 December 2016, 21 April 2017, 20 June 2017, 8 August 2017, 23 August 2017, 24 August 2017 and 14 September 2017 in relation to the Proposed Disposal, Proposed Placement and Proposed Exemption (collectively referred to as "Proposals"), TA Securities had on 16 October 2017 announced on behalf of the Company, the Securities Commissions ("SC") had vide its letter dated 12 October 2017, which was received on even date, approved the Proposed Exemption. On 14 September 2017, the shareholders of the Company approved the Proposals at an Extraordinary General Meeting convened.
- b) On 29 November 2017, the Company announced that the Ministry of Higher Education, Malaysia had, vide its letter dated 29 November 2017, granted its approval for the Proposed Disposal.

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

On 10 July 2017, the Company announced that N'osairis Technology Solutions Sdn. Bhd., a wholly-owned subsidiary of the Company had completed the subscription of 540,000 common shares of P1.00 per share in N'OSAIRIS PHILIPPINES CORPORATION ("N'OSAIRIS PHILIPPINES") representing 36% of the total issued paid-up capital of N'osairis Philippines.

Upon the completion of the said subscription, N'OSAIRIS PHILIPPINES became an associate company of N'osairis Technology Solutions Sdn. Bhd., which in turn is a 64% owned subsidiary of SMRT.

**A12 Contingent Liabilities or Contingent Assets**

As at 30.09.2017  
RM'000

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

5,810

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**

**Financial review for current quarter and financial year to date**

	Individual Period			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount/%)	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount/%)
	30.09.2017 RM'000	30.09.2016 RM'000		30.09.2017 RM'000	30.09.2016 RM'000	
Revenue	28,700	22,251	29%	71,742	61,462	17%
Operating Profit	1,591	(1,021)	256%	(2,400)	(4,007)	40%
Profit/(Loss) Before Interest and Tax	1,217	(2,312)	153%	(6,507)	(7,086)	8%
Profit/(Loss) Before Tax	790	(3,113)	125%	(8,369)	(9,614)	13%
Profit/(Loss) After Tax	421	(4,609)	109%	(9,024)	(12,418)	27%
Loss Attributable to Ordinary Equity Holders of the Parent	(204)	(4,843)	96%	(9,732)	(12,825)	24%

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

The Group recorded an increased in revenue of 29% to RM28.70 million for the current quarter under review as compared to the preceding year's corresponding quarter (Q3' 2016) of RM22.25 million ("corresponding quarter") which was mainly contributed by higher revenue from Cyberjaya University College of Medical Sciences (Education segment) and the IoT business (Technology segment).

The Group registered a profit before taxation for the current quarter of RM0.79 million as compared to loss before taxation of RM3.11 million in the corresponding quarter. This is mainly due to the improvement in revenue by 29%, reversal of the loss in treasury shares from the Income Statement to Retained Profits, lower share of loss from an associate, Asiamet Education Group Bhd ("AEGB") and bad and doubtful debts written off in the previous corresponding quarter.

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

The Group recorded an increase in revenue of 17% to RM71.74 million for the cumulative quarters in 2017 as compared to the previous year's corresponding cumulative quarters in 2016 of RM61.46 million. The increase in revenue generated was mainly contributed by the Cyberjaya University College of Medical Sciences (Education segment) and the IoT business (Technology segment).

The Group recorded a lower loss before tax of RM8.37 million as compared to RM9.61 million in the corresponding cumulative quarters in 2016. This is largely attributable to the higher increase in revenue, reversal of the loss in treasury shares from the Income Statement to Retained Profits and bad and doubtful debts written off in the previous corresponding cumulative quarter.

**B2 Material Change in Profit Before Tax for the Current Quarter as Compared with the Immediate Preceding Quarter****Financial review for current quarter compared with immediate preceding quarter**

	Current Year Quarter 30.09.2017 RM'000	Immediate Preceding Quarter 30.06.2017 RM'000	Changes (Amount/%)
Revenue	28,700	23,781	21%
Operating Profit	1,591	(1,791)	189%
Profit /(Loss) Before Interest and Tax	1,217	(2,914)	142%
Profit /(Loss) Before Tax	790	(3,580)	122%
Profit /(Loss) After Tax	421	(3,577)	112%
Loss Attributable to Ordinary Equity Holders of the Parent	(204)	(3,680)	94%

The Group recorded an increase in profit before tax to RM0.79 million in the current quarter as compared to loss before tax of RM3.58 million in the immediate preceding quarter (Q2'2017) ("preceding quarter"). This is mainly due to improvement in revenue, reversal of the loss in treasury shares from the Income Statement to Retained Profits as well as lower share of losses from an associate.

**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**

	Current Quarter 30.09.2017 RM'000	Cumulative Quarter 30.09.2017 RM'000
Income tax		
Current	393	749
(Over)/Under provision of tax in prior year	7	(1)
Deferred tax liabilities	(31)	(93)
	<b>369</b>	<b>655</b>

Income tax expenses were mainly from the provision of income tax expenses in the Education segment.

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 :-

- a) 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.
- b) On 14 September 2017, the shareholders of the Company approved the Proposals at an Extraordinary General Meeting convened.
- c) On 16 October 2017, the Company announced that the SC had vide its letter dated 12 October 2017, which was received on even date, approved the Proposed Exemption.
- d) On 29 November 2017, the Company announced that the Ministry of Higher Education, Malaysia had, vide its letter dated 29 November 2017, granted its approval for the Proposed Disposal.

**B7 Group Borrowings and Debt Securities**

	As at 3rd quarter ended 30.09.2017 RM'000	30.09.2016 RM'000
<u>Secured short -term</u>		
Overdraft	2,138	2,239
Hire purchase payables	182	202
Term Loan	16,209	11,943
<u>Secured long -term</u>		
Hire purchase payables	93	293
Term Loan	15,308	29,822
Total borrowings	<b>33,930</b>	<b>44,499</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 in issue for the current quarter and cumulative year-to-date as follows :-

**(a) Basic EPS**

	Current Quarter Ended		Cumulative Year To Date	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	(204)	(4,843)	(9,732)	(12,825)
Weighted average number of ordinary shares in issue ('000)				
As at 1 January 2017 / 1 July 2017	316,603	280,348	297,353	260,295
Add: Effect of issuance of shares	221	-	11,935	20,057
Add: Effect of conversion of warrants	33,456	-	11,540	-
Less: Effect of treasury shares held	(1)	(2)	(4)	(4)
As at 30 September 2017	350,279	280,346	320,824	280,348
Basic (loss)/profit per ordinary shares (sen)	(0.06)	(1.73)	(3.03)	(4.57)

**(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	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	(204)	(4,843)	(9,732)	(12,825)
Weighted average no. of ordinary shares in issue ('000)	350,279	280,346	320,824	280,348
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	350,279	280,346	320,824	280,348
Diluted (loss)/earnings per shares (sen)	(0.06)	(1.73)	(3.03)	(4.57)

\* 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)**

The realised and unrealised profits or losses included in the accumulated losses of the Group and the Company as at 30 September 2017 are as follows:-

	<b>As at 30.09.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b> Audited
<b>Total accumulated losses of the Company and its subsidiaries:</b>		
- Realised	(54,720)	(17,978)
- Unrealised	(6,470)	(2,629)
	<u>(61,190)</u>	<u>(20,607)</u>
<b>Total share of losses from associate company:</b>		
- Realised	(23,936)	(22,813)
- Unrealised	-	-
	<u>(23,936)</u>	<u>(22,813)</u>
<b>Less: Consolidated adjustments</b>	39,943	8,988
<b>Total accumulated losses as per consolidated accounts</b>	<u>(45,183)</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>30.09.2017 RM'000</b>	<b>30.09.2016 RM'000</b>	<b>30.09.2017 RM'000</b>	<b>30.09.2016 RM'000</b>
Operating profit has been arrived at after charging:-				
Amortisation of intangible assets	158	131	418	394
Depreciation of property, plant and equipment	370	428	1,215	1,338
Interest expenses	427	801	1,861	2,528
Property, plant and equipment written off	-	-	-	2
Realised loss on foreign exchange	130	17	232	138
Unrealised loss on foreign exchange	1	(4)	8	9
			<u>8</u>	<u>9</u>
After crediting:-				
Gain on disposal of property, plant and equipment	2	-	2	743
Interest Income	1	24	40	28
Rental Income	80	92	243	243
Realised gain on foreign exchange	149	77	149	93
			<u>149</u>	<u>93</u>

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