

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3-MONTH PERIOD ENDED		12-MONTH PERIOD ENDED	
	Note	31 DECEMBER 2017	31 DECEMBER 2016	31 DECEMBER 2017
	RM	RM	Unaudited RM	Audited RM
Revenue	29,805,125	19,999,989	101,547,087	81,461,743
Cost of sales	(17,360,611)	(19,530,599)	(64,001,237)	(54,860,186)
Gross Profit	12,444,514	469,390	37,545,850	26,601,557
Other operating income	114,007,539	1,414,803	114,953,308	3,356,743
Administrative expenses	(12,617,099)	(21,321,105)	(41,064,617)	(53,402,497)
Profit / (Loss) from operations	113,834,954	(19,436,912)	111,434,541	(23,444,197)
Share of results of associate	(1,959,939)	(3,576,637)	(6,066,900)	(6,654,914)
Profit / (Loss) before interest and taxation	111,875,015	(23,013,549)	105,367,641	(30,099,111)
Finance costs	(714,414)	(727,242)	(2,575,861)	(3,255,290)
Profit / (Loss) before taxation	111,160,601	(23,740,791)	102,791,780	(33,354,401)
Taxation	(1,418,910)	296,386	(2,074,125)	(2,507,533)
Profit / (Loss) for the period	109,741,691	(23,444,405)	100,717,655	(35,861,934)
<b>Profit / (Loss) attributable to:</b>				
Owners of the Company	109,097,263	(24,181,407)	99,365,490	(37,006,044)
Non-controlling interests	644,428	737,002	1,352,165	1,144,110
	109,741,691	(23,444,405)	100,717,655	(35,861,934)

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

- Basic (sen)	B9	30.18	(8.30)	31.48	(13.37)
- Diluted (sen)	B9	30.18	(8.30)	31.48	(13.37)

**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 FOURTH QUARTER  
ENDED 31 DECEMBER 2017

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

Note	INDIVIDUAL QUARTER 3-MONTH PERIOD ENDED		CUMULATIVE QUARTERS 12-MONTH PERIOD ENDED	
	31 DECEMBER 2017	31 DECEMBER 2016	31 DECEMBER 2017	31 DECEMBER 2016
	RM	RM	Unaudited RM	Unaudited RM
(Loss)/Profit for the period	109,741,691	(23,444,405)	100,717,655	(35,861,934)
<b>OTHER COMPREHENSIVE INCOME</b>				
Exchange difference arising on translation of foreign operations	(77,490)	(46,583)	(174,166)	(84,733)
Amortisation of revaluation reserve	(11,174)	(11,401)	(44,695)	(45,607)
Other comprehensive (loss)/income, net of tax	(88,664)	(57,984)	(218,861)	(130,340)
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<u>109,653,027</u>	<u>(23,502,389)</u>	<u>100,498,794</u>	<u>(35,992,274)</u>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the Company	109,008,599	(24,239,391)	99,146,629	(37,136,384)
Non-controlling interests	644,428	737,002	1,352,165	1,144,110
	<u>109,653,027</u>	<u>(23,502,389)</u>	<u>100,498,794</u>	<u>(35,992,274)</u>

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**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER  
ENDED 31 DECEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<i>Unaudited</i> <b>31 DECEMBER 2017</b>	<i>Audited</i> <b>31 DECEMBER 2016</b>
	RM	RM
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	5,038,039	7,409,963
Investment in associate	129,331,185	16,483,682
Goodwill on consolidation	2,851,352	16,723,830
Intangible assets	1,500,000	10,116,478
	<u>138,720,576</u>	<u>50,733,953</u>
<b>CURRENT ASSETS</b>		
Inventories	408,587	-
Trade and other receivables	58,344,650	37,539,325
Deferred tax assets	5,022	315,255
Tax recoverable	1,831,243	2,514,291
Deposits placed with licensed banks	1,230,975	750,735
Cash and bank balances	4,328,047	5,163,727
	<u>66,148,524</u>	<u>46,283,333</u>
<b>TOTAL ASSETS</b>	<b><u>204,869,100</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	76,305,229	29,735,313
Share premium	-	34,509,032
Treasury shares	(123,298)	(2,432,951)
Share based payment reserve	4,136,346	2,279,687
Revaluation reserve	2,190,048	2,234,743
Foreign currency translation reserve	1,309,872	1,484,038
Statutory reserve	203,809	203,809
Accumulated losses	63,925,175	(34,431,873)
	<u>147,947,181</u>	<u>33,581,798</u>
Non-controlling interests	3,723,864	2,591,582
<b>TOTAL EQUITY</b>	<b><u>151,671,045</u></b>	<b><u>36,173,380</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Loans and borrowings	13,806,606	26,447,998
Deferred tax liabilities	601	2,575,184
	<u>13,807,207</u>	<u>29,023,182</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	21,596,202	16,243,042
Loans and borrowings	15,336,157	13,403,278
Tax payables	335	8,424
Overdrafts - secured	2,458,154	2,165,980
	<u>39,390,848</u>	<u>31,820,724</u>
<b>TOTAL LIABILITIES</b>	<b><u>53,198,055</u></b>	<b><u>60,843,906</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>204,869,100</u></b>	<b><u>97,017,286</u></b>
Number of ordinary shares (unit)	361,957,575	297,353,127
Net assets per share attributable to owners of the Company (sen)	<u>40.9</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 FOURTH QUARTER  
 ENDED 31 DECEMBER 2017**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 (THE FIGURES HAVE NOT BEEN AUDITED)**

	Non-Distributable										Total Equity
	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	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Current year ended 31 DECEMBER 2017</b>											
As at 1 January 2017	29,735,313	(2,432,951)	34,509,032	2,279,687	1,484,038	2,234,743	203,809	(34,431,873)	33,581,798	2,591,582	36,173,380
(Loss)/Profit for the period	-	-	-	-	-	-	-	99,365,490	99,365,490	1,352,165	100,717,655
Other Comprehensive income for the period	-	-	-	-	(174,166)	(44,695)	-	44,695	(174,166)	-	(174,166)
Total comprehensive (loss)/income for the period	-	-	-	-	(174,166)	(44,695)	-	99,410,185	99,191,324	1,352,165	100,543,489
Issuance of shares pursuant to :-											
- ESOS exercised	4,139,782	-	-	-	-	-	-	-	4,139,782	-	4,139,782
- Warrants Converted	7,921,102	-	-	-	-	-	-	-	7,921,102	-	7,921,102
Transfer in accordance with Section 618(2) of CA 2016 (Note (a))	34,509,032	-	(34,509,032)	-	-	-	-	-	-	-	-
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	-	-	-	1,856,659	-	-	-	-	1,856,659	-	1,856,659
Repurchased of shares	-	(825)	-	-	-	-	-	-	(825)	-	(825)
Interim dividend paid to Non Controlling Interests	-	-	-	-	-	-	-	-	-	(351,651)	(351,651)
Balance as at 31 December 2017	76,305,229	(123,298)	-	4,136,346	1,309,872	2,190,048	203,809	63,925,175	147,947,181	3,723,864	151,671,045
<b>Corresponding 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
Profit for the period	-	-	-	-	-	-	-	(37,006,044)	(37,006,044)	1,144,110	(35,861,934)
Other comprehensive income for the period	-	-	-	-	(84,733)	(45,607)	-	45,607	(84,733)	-	(84,733)
Total comprehensive income for the period	-	-	-	-	(84,733)	(45,607)	-	(36,960,437)	(37,090,777)	1,144,110	(35,946,667)
Issuance of shares pursuant to:-											
- Private placement	1,184,834	-	1,315,166	-	-	-	-	-	2,500,000	-	2,500,000
- ESOS exercised	-	-	-	-	-	-	-	-	-	-	-
- Warrants converted	-	-	-	-	-	-	-	-	-	-	-
Amortisation of revaluation reserve	-	-	-	-	-	-	-	-	-	-	-
Amount recognised directly in equity relating to assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-
Transfer to legal reserve	-	-	-	-	-	-	-	-	-	-	-
Shares issued for acquisition of subsidiary	2,521,010	-	2,647,061	-	-	-	-	-	5,168,071.00	1,319,783	6,487,854
Share-based payment	-	-	-	2,279,687	-	-	-	-	2,279,687.00	-	2,279,687
Repurchased of shares	-	(1,900)	-	-	-	-	-	-	(1,900)	-	(1,900)
Changes in ownership interest in shares	-	-	-	-	-	-	-	(2)	(2)	-	(2)
Balance as at 31 December 2016	29,735,313	(2,432,951)	34,509,032	2,279,687	1,484,038	2,234,743	203,809	(34,431,873)	33,581,798	2,591,582	36,173,380

**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 FOURTH QUARTER  
 ENDED 31 DECEMBER 2017**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
 (THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>CURRENT PERIOD ENDED 31 DECEMBER 2017</b>	<b>CORRESPONDING PERIOD ENDED 31 DECEMBER 2016</b>
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	102,791,780	(33,354,401)
Adjustments for:		
Depreciation	1,676,635	1,921,566
Reversal of Allowance of doubtful debts	(11,190)	(491,519)
Amortisation of intangible assets	520,200	541,792
Impairment of investment in Assoc	(7,364,403)	-
Interest income	(43,848)	(117,745)
Interest expense	2,575,861	3,255,290
Share of result of associate	6,066,900	6,654,914
Loss/(gain) on disposal of property, plant and equipment	(121,189)	(743,248)
Loss/(gain) on disposal of Subsidiary	(108,547,489)	(549,998)
Impairment of Intangible Assets	-	4,085,481
Impairment loss in investment in associate	-	7,636,478
Impairment loss in trade receivables	-	3,500,000
Impairment loss in other receivables	1,000,000	530,000
Share-based payments reserved in relating to ESOS	1,856,659	2,279,687
Property, plant and equipment written off	-	20,376
Intangible Assets written off	-	444,402
Trade Receivables written off	-	2,257,320
Other receivables written off	-	10,113
Provision for doubtful debts	216,020	-
Unrealised foreign exchange (gain)/loss	13,160	(2,614)
Operating profit before working capital changes	629,096	(2,122,106)
Changes in working capital		
Receivables	(360,793)	6,837,354
Payables	2,205,594	(167,464)
Inventories	(408,587)	24,206
Cash (used in)/generated from operations	2,065,310	4,571,990
Tax paid	(2,354,693)	(4,843,250)
Tax refunded	453,050	24,512
Interest expense	(243,668)	(145,892)
Interest received	43,848	117,745
<b>Net cash generated from/(used in) operating activities</b>	<b>(36,153)</b>	<b>(274,895)</b>

	<b>CURRENT PERIOD ENDED 31 DECEMBER 2017</b>	<b>CORRESPONDING PERIOD ENDED 31 DECEMBER 2016</b>
	RM	RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(716,255)	(1,532,360)
Purchase of intangible asset	-	(1,070,000)
Proceeds from disposal of investment in subsidiary	-	449,998
Deposit held as security	(480,240)	3,064,623
Net cash inflow on investment in subsidiary	131,768	2,203,208
Proceeds from disposal of property, plant & equipment	126,698	961,832
Interim Dividend Paid to Non-controlling interests	(351,651)	-
<b>Net cash generated from/(used in) investing activities</b>	<b>(1,289,680)</b>	<b>4,077,301</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on issuance of shares	12,060,885	2,500,000
Proceeds from disposal of treasury shares	1,258,191	-
Purchase of treasury shares	(1,675)	(1,900)
Purchase of shares in associate	(124,000)	-
Disposal of shares in subsidiary	166,000	-
Disposal of shares in associate	(42,000)	-
Repayment of hire purchase payables	(263,535)	(235,654)
Repayment of term loan	(10,360,050)	(9,348,000)
Interest paid	(2,332,193)	(3,109,398)
<b>Net cash generated from/(used in) financing activities</b>	<b>361,623</b>	<b>(10,194,952)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(964,210)</b>	<b>(6,392,546)</b>
Effect of foreign exchange rate change	(163,644)	(77,385)
Opening balance of cash and cash equivalents	2,997,747	9,467,678
<b>Closing balance of cash and cash equivalents</b>	<b>1,869,893</b>	<b>2,997,747</b>
<b>Cash and cash equivalents</b>		
Fixed deposits with licensed bank	1,230,975	750,735
Cash and bank balances	4,328,047	5,163,727
Overdraft	(2,458,154)	(2,165,980)
	3,100,868	3,748,482
Less: Deposits held as security	(1,230,975)	(750,735)
<b>Closing balance of cash and cash equivalents</b>	<b>1,869,893</b>	<b>2,997,747</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 FOURTH QUARTER ENDED 31 DECEMBER 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  
Amendments to MFRS 107  
Amendments to MFRS 112

Disclosure of Interests in Other Entities  
Disclosure Initiative in Statement of Cash Flow  
Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above amendments / improvements to MFRSs 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 provided for the last financial quarter under review.

**A5 Debt and Equity Securities**

There was 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 840,300 new ordinary shares at exercise price of RM0.16 each pursuant to the Employee Shares Option Scheme ("ESOS").

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:-

	<b>No. of shares issued and fully paid up '000</b>	<b>Share Capital  RM '000</b>	<b>Share Premium  RM '000</b>	<b>Total  RM '000</b>
As at 1 October 2017	361,118	41,662	34,509	76,171
Issuance of shares via Private Placement	-	-	-	-
Issuance of shares via ESOS	840	134	-	134
Conversion of Warrants into Ordinary Shares	-	-	-	-
Transfer in accordance with Section 618(2) of CA 2016 (Note (i))	-	34,509	(34,509)	-
<b>As at 31 December 2017</b>	<b>361,958</b>	<b>76,305</b>	<b>-</b>	<b>76,305</b>

- b) 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 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 except for the gain on disposal of 100% interest in CUCMS Education Sdn Bhd (which owns the Cyberjaya University College of Medical Sciences) amounting to RM 108.5 million which arose upon the completion of the Proposed Disposal and Proposed Placement on 27 December 2017, as detailed under Section B6 of the quarterly report.



**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 2017</b>						
<b>Revenue</b>						
External customers	18,541	112	11,152	-	-	29,805
Inter-company sales	-	5	2,263	-	(2,268)	-
Dividend income	1,400	-	-	600	(2,000)	-
	19,941	117	13,415	600	(4,268)	29,805

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

Interest income	4	-	-	-	-	4
Interest expenses	(121)	(7)	(26)	(551)	-	(705)
Depreciation	(283)	(23)	(104)	(52)	-	(462)
Amortisation	(119)	-	-	-	-	(119)
Other non cash income	7,430	120	1	108,380	-	115,931
Share of results of associate	(1,960)	-	-	-	-	(1,960)
Profit/(Loss) before tax	15,075	911	1,205	93,970	-	111,161
Income tax expense	(1,411)	-	(8)	-	-	(1,419)
Segment profit/(loss)	13,664	911	1,197	93,970	-	109,742

	Education RM'000	Training RM'000	Technology RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>12 Months Ended 31 December 2017</b>						

**Revenue**

External customers	66,839	1,537	32,421	750	-	101,547
Inter-company sales	-	44	3,749	-	(3,793)	-
Dividend income	6,651	-	-	3,474	(10,125)	-
	73,490	1,581	36,170	4,224	(13,918)	101,547

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

Interest income	7	23	13	1	-	44
Interest expenses	(470)	(37)	(154)	(1,905)	-	(2,566)
Depreciation	(1,140)	(94)	(384)	(59)	-	(1,677)
Amortisation	(537)	-	-	-	-	(537)
Other non cash income	7,364	25	(76)	107,158	-	114,471
Share of results of associate	(6,067)	-	-	-	-	(6,067)
Profit before tax	13,578	51	2,245	86,918	-	102,792
Income tax expense	(2,045)	(2)	(22)	(5)	-	(2,074)
Segment profit/(loss)	11,533	49	2,223	86,913	-	100,718

**(b) Analysis by geographical areas**

	3-months ended 31 December 2017			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Conso- lidated RM'000
Revenue				
External sales	29,805	-	-	29,805
Inter-segment	2,267	-	(2,267)	-
Total	32,072	-	(2,267)	29,805

	12-months ended 31 December 2017			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Total Operations RM'000
Revenue				
External sales	101,543	4	-	101,547
Inter-segment	3,792	-	(3,792)	-
Total	105,335	4	(3,792)	101,547

Segment assets	354,851	26	(149,311)	205,566
Segment liabilities	221,226	2	(167,333)	53,895
Depreciation & amortisation	2,191	6	-	2,197

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

There were no material events subsequent to the financial period ended 31 December 2017 up to the date of this report.

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

There were no material changes in the composition of the Group for the financial period ended 31 December 2017 up to the date of this report save for the changes in the Group structure arising from :-

- (i) Disposal to Asiamet Education Group Berhad ("AEGB") by the Company and SMR Education Sdn Bhd ("SMRE"), of the entire issued and paid up share capital of CUCMS Education Sdn Bhd ("CESB") via a Share Sale Agreement ("SSA") 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"), which has been completed on 27 December 2017.
  
- (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 ("Proposed Placement"), which has been completed on 27 December 2017; and
  
- (iii) On 14 February 2018, the share exchange between AEGB and Minda Global Berhad ("Minda Global") was completed, which involved the exchange of all AEGB shares for new Minda Global shares by way of Scheme of Arrangement on the basis of 1 Minda Global share for every 1 AEGB share ("Proposed Share Exchange"). On 19 February 2018, Minda Global assumed the listing status of AEGB, with the listing and quotation of the total number of issued shares of Minda Global on the Main Market of Bursa Securities.

With the completion of the said exercises, the Group holds 57% of the equity interest in Minda Global.

**A12 Contingent Liabilities or Contingent Assets**

**As at 31.12.2017**  
**RM'000**

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

5,196

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	Variance	Current Year Period	Preceding Year Corresponding Period	Variance
	31.12.2017 RM'000	31.12.2016 RM'000		31.12.2017 RM'000	31.12.2016 RM'000	
Revenue	29,805	20,000	49%	101,547	81,462	25%
Operating Profit	113,835	(19,437)	686%	111,435	(23,444)	575%
Profit /(Loss) Before Interest and Tax	111,875	(23,014)	586%	105,368	(30,099)	450%
Profit / (Loss) Before Tax	111,161	(23,741)	568%	102,792	(33,354)	408%
Profit /(Loss) After Tax	109,742	(23,444)	568%	100,718	(35,862)	381%
Loss Attributable to Ordinary Equity Holders of the Parent	109,097	(24,181)	551%	99,365	(37,006)	369%

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

The Group recorded an increase in revenue of 49% to RM29.81 million for the current quarter under review as compared to the preceding year's corresponding quarter (Q4' 2016) of RM20.00 million ("corresponding quarter") which was mainly contributed by higher revenue from Cyberjaya University College of Medical Sciences (Education segment) and the IoT (Internet of Things) business (Technology segment).

The Group registered a profit before tax of RM111.2 million in the current quarter as compared to a loss before tax of RM23.7 million in the previous corresponding quarter. This is mainly due to the gain of RM108.5 million arising from its disposal of its entire equity interest in Cyberjaya University College of Medical Sciences to Asiamet Education Group Bhd ("AEGB").

Apart from the said gain of disposal, the Group also registered improvements in results arising from the improved performances of Cyberjaya University College of Medical Sciences and the IoT business in the current quarter, and significant impairments made in the corresponding quarter. These previous impairments relate to the investment in its associate company (AEGB), software development costs and doubtful debts.

**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 25% to RM101.55 million in 2017 as compared to 2016 of RM81.46 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 profit before tax of RM102.8 million in the current year as compared to a loss before tax of RM33.4 million in the previous year. Please refer to the above quarter review for the reasons for the improved results.

## 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 31.12.2017 RM'000	Immediate Preceding Quarter 30.09.2017 RM'000	Variance
Revenue	29,805	28,700	4%
Operating Profit	113,835	1,591	-7055%
Profit /(Loss) Before Interest and Tax	111,875	1,217	-9089%
Profit /(Loss) Before Tax	111,161	790	-13964%
Profit /(Loss) After Tax	109,742	421	-25972%
Loss Attributable to Ordinary Equity Holders of the Parent	109,097	(204)	53707%

The Group recorded an increase in profit before tax to RM111.2 million in the current quarter as compared to RM0.8 million in the immediate preceding quarter (Q3'2017). Please refer to the quarter review under Section B2 for the key reasons for the improved results.

## B3 Prospects for the Current Financial Year

The injection of CUCMS Education Sdn Bhd ("CUCMS") into AEGB for the consideration of AEGB shares and the subsequent placement of the AEGB shares were completed in December 2017. The exercise merged 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 education business to scale up and achieve operating cost efficiencies in the areas of facilities, sales & marketing and support services. Furthermore, the proceeds from the placement of AEGB shares were mainly utilised to repay the Group's borrowings.

The housing of the Education segment under Minda Global Bhd (formerly known as AEGB) which is 57% owned by the SMRT Group as at 31 December 2017, will enable SMRT to focus on growing its Training and Technology businesses.

The Group's outlook for the year remains positive despite challenging business conditions and competitive landscape. Despite the challenging environment, the Group's strategy remains unchanged and continues to focus human resource development and technology.

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 31.12.2017 RM'000	Cumulative Quarter 31.12.2017 RM'000
Income tax		
Current	1,373	2,122
(Over)/Under provision of tax in prior year	75	74
Deferred tax liabilities	(29)	(122)
	<b>1,419</b>	<b>2,074</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 as disclosed below, there were no other corporate proposals announced but not yet completed as at the date of this quarterly announcement.

**B7 Group Borrowings**

	As at 4th quarter ended	
	31.12.2017 RM'000	30.12.2016 RM'000
<u>Secured short -term</u>		
Overdraft	2,458	2,166
Hire purchase payables	20	163
Term Loan	15,317	13,241
<u>Secured long -term</u>		
Hire purchase payables	55	261
Term Loan	13,751	26,187
Total borrowings	<u>31,601</u>	<u>42,018</u>

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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	109,097	(24,181)	99,365	(37,006)
Weighted average number of ordinary shares in issue ('000)				
As at 1 January 2017 / 1 October 2017	361,117	281,642	297,353	253,083
Add: Effect of issuance of shares	326	9,659	9,658	23,781
Add: Effect of conversion of warrants	-	-	8,631	-
Less: Effect of treasury shares held	-	-	(3)	(6)
As at 31 December 2017	361,443	291,301	315,640	276,858
Basic (loss)/profit per ordinary shares (sen)	30.18	(8.30)	31.48	(13.37)

**(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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	109,097	(24,181)	99,365	(37,006)
Weighted average no. of ordinary shares in issue ('000)	361,443	291,301	315,640	276,858
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	361,443	291,301	315,640	276,858
Diluted (loss)/earnings per shares (sen)	30.18	(8.30)	31.48	(13.37)

\* 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 was no proposed dividend declared for the current quarter under review.

**B11 Operating Profit**

	3 months ended		Year-to-date	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Operating profit has been arrived at after charging:-				
Amortisation of intangible assets	102	148	520	542
Depreciation of property, plant and equipment	462	620	1,677	1,958
Interest expenses	715	727	2,576	3,255
Property, plant and equipment written off	-	-	-	2
Realised loss on foreign exchange	34	41	266	179
Unrealised loss on foreign exchange	5	-	13	9
After crediting:-				
Gain on disposal of property, plant and equipment	119	-	121	743
Interest Income	4	90	44	118
Rental Income	60	98	303	341
Realised gain on foreign exchange	3	(8)	152	85

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