

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER  
 ENDED 31 MARCH 2018**
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 (THE FIGURES HAVE NOT BEEN AUDITED)

Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3-MONTH PERIOD ENDED		3-MONTH PERIOD ENDED	
	31 MARCH 2018	31 MARCH 2017	31 MARCH 2018	31 MARCH 2017
	RM	RM	Unaudited RM	Unaudited RM
Revenue	11,550,912	19,261,648	11,550,912	19,261,648
Cost of sales	(6,925,627)	(11,858,066)	(6,925,627)	(11,858,066)
Gross Profit	4,625,285	7,403,582	4,625,285	7,403,582
Other income	29,304,016	362,631	29,304,016	362,631
Administrative expenses	(24,588,774)	(9,966,501)	(24,588,774)	(9,966,501)
Profit / (Loss) from operations	9,340,527	(2,200,288)	9,340,527	(2,200,288)
Share of results of associate	(2,680,182)	(2,610,139)	(2,680,182)	(2,610,139)
Profit / (Loss) before interest and taxation	6,660,345	(4,810,427)	6,660,345	(4,810,427)
Finance costs	(163,005)	(769,182)	(163,005)	(769,182)
Profit / (Loss) before taxation	6,497,340	(5,579,609)	6,497,340	(5,579,609)
Taxation	(204,110)	(288,232)	(204,110)	(288,232)
Profit / (Loss) for the period	6,293,230	(5,867,841)	6,293,230	(5,867,841)
<b>Profit / (Loss) attributable to:</b>				
Owners of the Company	6,273,559	(5,848,598)	6,273,559	(5,848,598)
Non-controlling interests	19,671	(19,243)	19,671	(19,243)
	6,293,230	(5,867,841)	6,293,230	(5,867,841)

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

- Basic (sen)	B9	1.72	(1.97)	1.72	(1.97)
- Diluted (sen)	B9	1.72	(1.97)	1.72	(1.97)

**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 2017.

QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER  
ENDED 31 MARCH 2018

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

Note	INDIVIDUAL QUARTER 3-MONTH PERIOD ENDED		CUMULATIVE QUARTERS 3-MONTH PERIOD ENDED	
	31 MARCH 2018	31 MARCH 2017	31 MARCH 2018	31 MARCH 2017
	RM	RM	Unaudited RM	Unaudited RM
(Loss)/Profit for the period	6,293,230	(5,867,841)	6,293,230	(5,867,841)
<b>OTHER COMPREHENSIVE INCOME</b>				
Exchange difference arising on translation of foreign operations	(69,363)	(6,208)	(69,363)	(6,208)
Amortisation of revaluation reserve	10,950	(11,174)	10,950	(11,174)
Other comprehensive (loss)/income, net of tax	(58,413)	(17,382)	(58,413)	(17,382)
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>6,234,817</b>	<b>(5,885,223)</b>	<b>6,234,817</b>	<b>(5,885,223)</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the Company	6,215,146	(5,458,872)	6,215,146	(5,865,980)
Non-controlling interests	19,671	(426,351)	19,671	(19,243)
	<b>6,234,817</b>	<b>(5,885,223)</b>	<b>6,234,817</b>	<b>(5,885,223)</b>

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**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<i>Unaudited</i> <b>31 MARCH 2018</b>	<i>Audited</i> <b>31 DECEMBER 2017</b>
	<b>RM</b>	<b>RM</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	104,462,263	5,110,569
Investment in associate	72,915	129,158,862
Provisional goodwill	131,406,579	2,851,352
Intangible assets	2,670,924	1,500,000
Other investment	18,820,587	-
Deferred tax assets	79,076	5,022
	<u>257,512,344</u>	<u>138,625,805</u>
<b>CURRENT ASSETS</b>		
Inventories	944,484	703,448
Trade and other receivables	65,820,986	58,089,406
Tax recoverable	2,901,005	1,843,518
Deposits placed with licensed banks	1,265,560	1,260,560
Cash and bank balances	6,325,114	4,371,719
	<u>77,257,149</u>	<u>66,268,651</u>
Assets classified as held for sale	1	-
<b>TOTAL ASSETS</b>	<b><u>334,769,494</u></b>	<b><u>204,894,456</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	77,529,263	76,637,392
Treasury shares	(124,273)	(123,298)
Share based payment reserve	3,804,184	3,804,184
Revaluation reserve	2,200,998	2,190,048
Foreign currency translation reserve	1,192,469	1,261,832
Statutory reserve	203,809	203,809
Retained earnings	68,393,657	62,131,048
	<u>153,200,107</u>	<u>146,105,015</u>
Non-controlling interests	106,779,548	3,694,237
<b>TOTAL EQUITY</b>	<b><u>259,979,655</u></b>	<b><u>149,799,252</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Loans and borrowings	2,054,471	11,757,306
Deferred tax liabilities	601	601
	<u>2,055,072</u>	<u>11,757,907</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	66,187,168	18,895,137
Provisions	-	1,589,821
Amount due to related companies	-	2,990,004
Loans and borrowings	4,430,846	17,385,457
Tax payables	39,659	927
Overdrafts - secured	2,077,094	2,475,951
	<u>72,734,767</u>	<u>43,337,297</u>
<b>TOTAL LIABILITIES</b>	<b><u>74,789,839</u></b>	<b><u>55,095,204</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>334,769,494</u></b>	<b><u>204,894,456</u></b>
Number of ordinary shares (unit)	367,531,775	361,957,575
Net assets per share attributable to owners of the Company (sen)	<u>41.7</u>	<u>40.4</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 2017.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER  
ENDED 31 MARCH 2018**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	<i>Non-Distributable</i>											
	Share Capital	Treasury Shares	Share Premium	Share Based Payment Reserve	Foreign Currency Translation Reserve	Revaluation Reserve	Statutory Reserve	Relating to Assets Held for Sale	Retained Profits	Sub-total	Non Controlling Interests	Total Equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Current period ended 31 MARCH 2018</b>												
As at 1 January 2018	76,637,392	(123,298)	-	3,804,184	1,261,832	2,190,048	203,809	-	62,131,048	146,105,015	3,694,237	149,799,252
(Loss)/Profit for the period	-	-	-	-	-	-	-	-	6,273,559	6,273,559	19,671	6,293,230
Other Comprehensive income for the period	-	-	-	-	(69,363)	10,950	-	-	(10,950)	(69,363)	-	(69,363)
Total comprehensive (loss)/income for the period	-	-	-	-	(69,363)	10,950	-	-	6,262,609	6,204,196	19,671	6,223,867
Issuance of shares pursuant to :-												
- ESOS exercised	891,871	-	-	-	-	-	-	-	-	891,871	-	891,871
Acquisition of Subsidiary	-	-	-	-	-	-	-	-	-	-	103,497,640	103,497,640
Repurchase of shares	-	(975)	-	-	-	-	-	-	-	(975)	-	(975)
Interim dividend paid to Non Controlling Interests	-	-	-	-	-	-	-	-	-	-	(432,000)	(432,000)
Balance as at 31 March 2018	77,529,263	(124,273)	-	3,804,184	1,192,469	2,200,998	203,809	-	68,393,657	153,200,107	106,779,548	259,979,655
<b>Corresponding period ended 31 MARCH 2017</b>												
As at 1 January 2017	29,735,313	(2,432,951)	34,509,031	2,279,687.00	1,484,038	2,234,743	203,809	-	(34,431,873)	33,581,797	2,591,582	36,173,379
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 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	-	-	-	464,165.00	-	-	-	-	-	464,165	-	464,165
Repurchase of shares	-	(825.00)	-	-	-	-	-	-	-	(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

**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 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 2017.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER  
 ENDED 31 MARCH 2018**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
 (THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>CURRENT PERIOD ENDED 31 MARCH 2018</b>	<b>CORRESPONDING PERIOD ENDED 31 MARCH 2017</b>
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	6,497,340	(5,579,609)
Adjustments for:		
Depreciation	740,305	408,891
Reversal of allowance of doubtful debts	(8,595)	-
Amortisation of intangible assets	2,142	130,050
Interest income	(1,250)	(37,203)
Interest expense	163,005	769,182
Share of result of associate	2,680,182	2,610,139
Loss/(gain) on disposal of property, plant and equipment	29,204	-
Reversal of impairment of investment & fair value adjustment in associate	(29,024,281)	-
Impairment of goodwill	18,392,196	-
Share-based payments reserved in relating to ESOS	-	464,165
Property, plant and equipment written off	4,520	-
Provision for doubtful debts	167,640	67,950
Unrealised foreign exchange (gain)/loss	(5,871)	2,122
Operating profit before working capital changes	(363,463)	(1,164,313)
Changes in working capital		
Receivables	9,198,503	(12,890,650)
Payables	(20,184,610)	15,933,321
Inventories	(241,036)	-
Cash (used in)/generated from operations	(11,590,606)	1,878,358
Tax paid	(165,716)	(312,329)
Tax refunded	165,675	-
Interest expense	(42,870)	(117,238)
Interest received	1,250	37,203
<b>Net cash generated from/(used in) operating activities</b>	<b>(11,632,267)</b>	<b>1,485,994</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,275,440)	(282,585)
Proceeds from shares placement	42,000,000	-
Deposit held as security	(5,000)	(55,593)
Net cash inflow on acquisition of subsidiary	2,337,078	-
Proceeds from disposal of property, plant & equipment	2,771	-
Interim Dividend Paid to Non-controlling interests	(432,000)	-
<b>Net cash generated from/(used in) investing activities</b>	<b>40,627,409</b>	<b>(338,178)</b>

	<b>CURRENT PERIOD ENDED 31 MARCH 2018</b>	<b>CORRESPONDING PERIOD ENDED 31 MARCH 2017</b>
	RM	RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on issuance of shares	891,872	-
Proceeds from disposal of treasury shares	-	1,258,191
Loss on disposal in treasury shares	-	1,053,137
Shares margin loan drawdown	2,000,000	-
Purchase of treasury shares	(975)	(825)
Repayment of hire purchase payables	(89,906)	(48,861)
Repayment of term loan	(29,257,627)	(2,314,050)
Interest paid	(120,134)	(651,944)
<b>Net cash generated from/(used in) financing activities</b>	<b>(26,576,770)</b>	<b>(704,352)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,418,372</b>	<b>443,464</b>
Effect of foreign exchange rate change	(66,120)	(7,119)
Opening balance of cash and cash equivalents	1,895,768	2,997,747
<b>Closing balance of cash and cash equivalents</b>	<b>4,248,020</b>	<b>3,434,092</b>
<b>Cash and cash equivalents</b>		
Fixed deposits with licensed bank	1,265,560	806,328
Cash and bank balances	6,325,114	6,114,091
Overdraft	(2,077,094)	(2,679,999)
	5,513,580	4,240,420
Less: Deposits held as security	(1,265,560)	(806,328)
<b>Closing balance of cash and cash equivalents</b>	<b>4,248,020</b>	<b>3,434,092</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 2017.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

**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 2017. 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 2017.

**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 2017 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 2018 as disclosed below: -

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 1	First time adoption of MFRSs
Amendments to MFRS 2	Classification and Measurement of Share-based payment transaction
Amendments to MFRS 128	Annual Improvements to MFRS Standards 2014–2016 Cycle
Amendments to MFRS 140	Transfers of Investment Property

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 2017 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 5,574,200 new ordinary shares at an exercise price of RM0.16 each pursuant to the Employee Shares Option Scheme ("ESOS").
- b) During the current financial quarter under review, the Company repurchased 5,000 of its issued shares from the open market at RM0.195 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	Total RM '000
As at 1 January 2018	361,958	76,637	76,637
Issuance of shares via ESOS	5,574	892	892
As at 31 March 2018	<b>367,532</b>	<b>77,529</b>	<b>77,529</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.

#### 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 2018</b>						
<b>Revenue</b>						
External customers	8,170	289	3,092	-	-	11,551
Inter-company sales	-	-	35	-	(35)	-
Dividend income	-	-	-	768	(768)	-
	<u>8,170</u>	<u>289</u>	<u>3,127</u>	<u>768</u>	<u>(803)</u>	<u>11,551</u>

##### Results:

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

Interest income	1	-	-	-	-	1
Interest expenses	(18)	(14)	(35)	(96)	-	(163)
Depreciation	(588)	(29)	(104)	(20)	-	(741)
Amortisation	(2)	-	-	-	-	(2)
Other non cash income	-	-	1	10,632	-	10,633
Share of results of associate	(2,680)	-	-	-	-	(2,680)
Profit before tax	<u>(2,479)</u>	<u>70</u>	<u>(485)</u>	<u>9,391</u>	<u>-</u>	<u>6,497</u>
Income tax expense	(84)	(115)	(5)	-	-	(204)
Segment profit/(loss)	<u>(2,563)</u>	<u>(45)</u>	<u>(490)</u>	<u>9,391</u>	<u>-</u>	<u>6,293</u>

##### (b) Analysis by geographical areas

	3-months ended 31 March 2018			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Total Operations RM'000
<b>Revenue</b>				
External sales	10,998	553	-	11,551
Inter-segment	35	-	(35)	-
Total	<u>11,033</u>	<u>553</u>	<u>(35)</u>	<u>11,551</u>
<b>Segment assets</b>	608,068	1,809	(275,108)	334,769
<b>Segment liabilities</b>	264,682	692	(190,584)	74,790
<b>Depreciation &amp; amortisation</b>	737	5	-	742

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

- i) On 1 March 2018, Strategic Ambience Sdn Bhd ("SASB"), the Company's wholly-owned subsidiary and Arenga Pinnata Sdn Bhd, a subsidiary of Creador II, entered into a Deed of Termination to mutually terminate the Collaboration Agreement dated 12th January 2015, and acknowledge that upon such termination, there is no arrangement, understanding, promise or agreement between the parties in respect of their relationships as shareholders of Minda Global Berhad ("Minda Global"), the holding company of Asiamet Education Group Bhd ("AEGB") and the exercise of their respective voting rights in Minda Global.
- ii) On 4 April 2018, the Company announced the completion of its private placement exercise with the listing and quotation of the 36,500,000 Placement Shares which were issued at RM0.155 each.
- iii) Refer to Section A11 of this quarterly report for details of other material events occurring subsequent to the end of the current quarter.



#### 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 March 2018 up to the date of this report save for the changes in the Group structure arising from the following :-

- (i) On 14 February 2018, the share exchange between AEGB and 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 ("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. As a result, the Group recognised the consolidation of Minda Global's financial statement with effect from 1st of March 2018 as compared to share of financial result from AEGB as an associate.

- (ii) On 19 April 2018, the Company announced the following :-
- a) disposal of its entire equity interest of 2 ordinary shares in SMR Shared Services Sdn. Bhd., a wholly-owned subsidiary of the Company, for a total cash consideration of RM2;
  - b) disposal of its entire equity interest of 2 ordinary shares in SMR Voctech Sdn. Bhd., a wholly-owned subsidiary of the Company, for a total cash consideration of RM2;
  - c) disposal of its entire equity interest of 250,000 ordinary shares in SMR Proelt Sdn. Bhd., a wholly-owned subsidiary of the Company, for a total cash consideration of RM2;
  - d) disposal of its entire equity interest of 100,000 ordinary shares in SMR HRD Solutions Sdn. Bhd., a wholly-owned subsidiary of the Company, for a total cash consideration of RM2;
  - e) disposal of its entire equity interest of 2 ordinary shares in SMR Global Links Sdn. Bhd., a wholly-owned subsidiary of the Company, for a total cash consideration of RM2; and
  - f) disposal of its entire equity interest of 50,000 ordinary shares in Agensi Pekerjaan SMR Talent Search Sdn. Bhd., a wholly-owned subsidiary of the Company, for a total cash consideration of RM2.

Upon completion of the said disposals, all the disposed companies have ceased to be wholly-owned subsidiaries of the Company.

#### A12 Contingent Liabilities or Contingent Assets

As at 31.03.2018  
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 March 2018.

#### 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
	31.03.2018 RM'000	31.03.2017 RM'000		31.03.2018 RM'000	31.03.2017 RM'000	
Revenue	11,551	19,262	-40%	11,551	19,262	-40%
Operating Profit	9,341	(2,200)	525%	9,341	(2,200)	525%
Profit /(Loss) Before Interest and Tax	6,660	(4,810)	238%	6,660	(4,810)	238%
Profit / (Loss) Before Tax	6,497	(5,580)	216%	6,497	(5,580)	216%
Profit /(Loss) After Tax	6,293	(5,868)	207%	6,293	(5,868)	207%
Loss Attributable to Ordinary Equity Holders of the Parent	6,274	(5,849)	207%	6,274	(5,849)	207%

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

The Group recorded a decrease in revenue of 40% for the current quarter under review as compared to the preceding year's corresponding quarter (Q1' 2017) ("corresponding quarter"). This was mainly due to de-recognition of revenue subsequent to the disposal of 100% of its interest in Cyberjaya University College of Medical Sciences (Education segment) in exchange for Minda Global shares, thus resulting in a 57% stake in Minda Global.

The Group registered a profit before tax of RM6.50 million in the current quarter as compared to a loss before tax of RM5.58 million in the previous corresponding quarter. This is primarily due to one off adjustment resulting from the net reversal of investment in an associate and fair value adjustment totalling RM10.63 million arising from its securing of control of Minda Global from associated company status, upon the share exchange of AEGB shares for Minda Global shares in February 2018.

**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 31.03.2018 RM'000	Immediate Preceding Quarter 31.12.2017 (Audited) RM'000	Variance
Revenue	11,551	29,873	-61%
Operating Profit	9,341	111,867	92%
Profit /(Loss) Before Interest and Tax	6,660	109,753	94%
Profit /(Loss) Before Tax	6,497	109,021	94%
Profit /(Loss) After Tax	6,293	107,932	94%
Loss Attributable to Ordinary Equity Holders of the Parent	6,274	107,303	94%

The Group recorded a decrease in profit before tax to RM6.50 million in the current quarter as compared to RM109.02 million in the immediate preceding quarter (Q4'2017). This is mainly due to the one-off gain of RM110.3 million arising from the disposal of its entire equity interest in Cyberjaya University College of Medical Sciences to AEGB in December 2017.

### B3 Prospects for the Current Financial Year

The injection of CUCMS Education Sdn Bhd into AEGB for the consideration of AEGB shares and the placement of the AEGB shares were completed in December 2017. The share exchange of all of AEGB shares for Minda Global shares and the listing of Minda Global on the Main Market of Bursa Securities were completed in February 2018. This exercise merged the education business under 1 entity thereby securing control of the entire education spectrum from Asia Metropolitan International School, Asia Metropolitan Colleges to Cyberjaya University College of Medical Sciences and Asia Metropolitan University. This will enable the enlarged education business to scale up and achieve operational efficiencies in the areas of facilities, sales & marketing and support services and extend its regional reach to Kota Kinabalu, Kuching, Johor Bharu, Kota Bharu and Ipoh. Furthermore, the proceeds from the placement of AEGB shares were mainly utilised to repay the Group's term loans.

The housing of the Education segment under Minda Global Bhd (formerly known as AEGB) which is 57% owned by the SMRT Group, will enable 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 expected continuing focus on developing a high income nation and substantial investments in Education, Workforce and Technology development, the Group is optimistic 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.

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.

### 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 31.03.2018 RM'000	Cumulative Quarter 31.03.2018 RM'000
Income tax		
Current	204	204
(Over)/Under provision of tax in prior year	-	-
Deferred tax liabilities	-	-
	<u>204</u>	<u>204</u>

Income tax expenses are mainly from the provision of income tax expenses in the Education and Training 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

There were no other corporate proposals announced but not yet completed as at the date of this quarterly announcement.

### B7 Group Borrowings

	As at 1st quarter ended	
	31.03.2018 RM'000	31.03.2017 RM'000
<u>Secured short-term</u>		
Overdraft	2,077	2,680
Hire purchase payables	144	201
Term Loan (Islamic)	2,286	14,538
Shares Margin Loan	2,000	-
<u>Secured long-term</u>		
Hire purchase payables	501	174
Term Loan (Islamic)	1,554	22,575
Total borrowings	<u>8,562</u>	<u>40,168</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 / Earnings 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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	6,274	(5,849)	6,274	(5,849)
Weighted average number of ordinary shares in issue ('000)				
As at 1 January 2018	361,958	297,353	361,958	297,353
Add: Effect of issuance of shares	2,676	-	2,676	-
Add: Effect of conversion of warrants	-	-	-	-
Less: Effect of treasury shares held	(1)	(2)	(1)	(2)
As at 31 March 2018	364,632	297,351	364,632	297,351
Basic (loss)/profit per ordinary shares (sen)	1.72	(1.97)	1.72	(1.97)

**(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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	6,274	(5,849)	6,274	(5,849)
Weighted average no. of ordinary shares in issue ('000)	364,632	297,351	364,632	297,351
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	364,632	297,351	364,632	297,351
Diluted (loss)/earnings per shares (sen)	1.72	(1.97)	1.72	(1.97)

\* The average market price is lower than the exercise price. Thus, there is no effect of dilution for ESOS 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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Operating profit has been arrived at after charging:-				
Amortisation of intangible assets	2	131	2	131
Depreciation of property, plant and equipment	740	471	740	471
Interest expense	163	887	163	887
Property, plant and equipment written off	5	2	5	2
Realised loss on foreign exchange	39	27	39	27
Unrealised loss on foreign exchange	-	55	-	55
After crediting:-				
Gain on disposal of property, plant and equipment	-	743	-	743
Interest Income	1	1	1	1
Rental Income	147	54	147	54
Realised gain on foreign exchange	-	21	-	21
Unrealised gain on foreign exchange	6	-	6	-

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

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

As at 31 March 2018, the Group had utilised the proceeds from placement shares of AEGB in the following manner:-

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation	Intended Timeframe for Utilisation	Deviation Amount		Explanations (if the deviation is 5% or more)
		RM'000		RM'000	RM'000	
Proceeds from Placement shares of AEGB on 3 January 2018		42,000				
		42,000				
a) Repayment of bank borrowing	32,245	29,703	Within 12 months	2,542	8%	Repayment made based on actual borrowings outstanding.
b) Working capital	8,255	10,690	Within 12 months	(2,435)	-29%	The Group paid towards monthly loan instalments from internal fund prior to the completion of the shares placement.
c) Estimate expenses in relation to the Private Placement	1,500	1,107	Within 12 months	393	26%	Lower actual expenses incurred
<b>Total</b>	<b>42,000</b>	<b>41,500</b>		<b>500</b>	<b>5%</b>	