

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER
 ENDED 30 JUNE 2018**
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 (THE FIGURES HAVE NOT BEEN AUDITED)

| Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTERS | |
|--|----------------------|--------------|----------------------|-----------------|
| | 3-MONTH PERIOD ENDED | | 6-MONTH PERIOD ENDED | |
| | 30 JUNE 2018 | 30 JUNE 2017 | 30 JUNE 2018 | 30 JUNE 2017 |
| | RM | RM | Unaudited RM | Unaudited RM |
| Revenue | 26,106,419 | 23,780,754 | 37,657,331 | 43,042,402 |
| Cost of sales | (19,601,687) | (16,112,115) | (26,527,314) | (27,970,181) |
| Gross Profit | 6,504,732 | 7,668,639 | 11,130,017 | 15,072,221 |
| Other income | 392,902 | 95,752 | 29,696,918 | 458,383 |
| Administrative expenses | (14,968,990) | (9,555,553) | (39,557,764) | (19,522,054) |
| Profit / (Loss) from operations | (8,071,356) | (1,791,162) | 1,269,171 | (3,991,450) |
| Share of results of associate | - | (1,123,231) | (2,680,182) | (3,733,370) |
| Profit / (Loss) before interest and taxation | (8,071,356) | (2,914,393) | (1,411,011) | (7,724,820) |
| Finance costs | (313,012) | (665,214) | (476,017) | (1,434,396) |
| Profit / (Loss) before taxation | (8,384,368) | (3,579,607) | (1,887,028) | (9,159,216) |
| Taxation | 55,907 | 2,498 | (148,203) | (285,734) |
| Profit / (Loss) for the period | (8,328,461) | (3,577,109) | (2,035,231) | (9,444,950) |
| Profit / (Loss) attributable to: | | | | |
| Owners of the Company | (5,863,345) | (3,679,662) | 410,214 | (9,528,260) |
| Non-controlling interests | (2,465,116) | 102,553 | (2,445,445) | 83,310 |
| | (8,328,461) | (3,577,109) | (2,035,231) | (9,444,950) |

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

| | | | | | |
|-----------------|----|--------|--------|------|--------|
| - Basic (sen) | B9 | (1.45) | (1.17) | 0.11 | (3.12) |
| - Diluted (sen) | B9 | (1.45) | (1.17) | 0.11 | (3.12) |

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 SECOND QUARTER
ENDED 30 JUNE 2018

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

| Note | INDIVIDUAL QUARTER 3-MONTH PERIOD ENDED | | CUMULATIVE QUARTERS 6-MONTH PERIOD ENDED | |
|---|--|--------------------|---|--------------------|
| | 30 JUNE 2018 | 30 JUNE 2017 | 30 JUNE 2018 | 30 JUNE 2017 |
| | RM | RM | Unaudited RM | Unaudited RM |
| (Loss)/Profit for the period | (8,328,461) | (3,577,109) | (2,035,231) | (9,444,950) |
| OTHER COMPREHENSIVE INCOME | | | | |
| Exchange difference arising on translation of foreign operations | 278,873 | (984) | 209,510 | (7,192) |
| Amortisation of revaluation reserve | - | (11,174) | 10,950 | (22,348) |
| Other comprehensive (loss)/income, net of tax | 278,873 | (12,158) | 220,460 | (29,540) |
| TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD | (8,049,588) | (3,589,267) | (1,814,771) | (9,474,490) |
| Total comprehensive (loss)/income attributable to: | | | | |
| Owners of the Company | (5,584,472) | (3,691,820) | 630,674 | (9,557,800) |
| Non-controlling interests | (2,465,116) | 102,553 | (2,445,445) | 83,310 |
| | (8,049,588) | (3,589,267) | (1,814,771) | (9,474,490) |

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**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER
 ENDED 30 JUNE 2018**
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | <i>Unaudited</i> 30 JUNE 2018 | <i>Audited</i> 31 DECEMBER 2017 |
|---|----------------------------------|------------------------------------|
| | RM | RM |
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Property, plant & equipment | 109,264,499 | 5,110,569 |
| Investment in associate | 72,915 | 129,158,862 |
| Provisional goodwill | 131,406,579 | 2,851,352 |
| Intangible assets | 2,670,811 | 1,500,000 |
| Other investment | 18,257,729 | - |
| Deferred tax assets | 79,928 | 5,022 |
| | <u>261,752,461</u> | <u>138,625,805</u> |
| CURRENT ASSETS | | |
| Inventories | 1,004,282 | 703,448 |
| Trade and other receivables | 49,002,738 | 58,089,406 |
| Tax recoverable | 3,274,749 | 1,843,518 |
| Deposits placed with licensed banks | 1,270,561 | 1,260,560 |
| Cash and bank balances | 22,352,480 | 4,371,719 |
| | <u>76,904,810</u> | <u>66,268,651</u> |
| TOTAL ASSETS | <u>338,657,271</u> | <u>204,894,456</u> |
| EQUITY AND LIABILITIES | | |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | |
| Share capital | 83,189,163 | 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 | 1,471,342 | 1,261,832 |
| Statutory reserve | 203,809 | 203,809 |
| Retained earnings | 62,530,312 | 62,131,048 |
| | <u>153,275,535</u> | <u>146,105,015</u> |
| Non-controlling interests | 103,882,393 | 3,694,237 |
| TOTAL EQUITY | <u>257,157,928</u> | <u>149,799,252</u> |
| NON-CURRENT LIABILITIES | | |
| Loans and borrowings | 29,454,779 | 11,757,306 |
| Deferred tax liabilities | - | 601 |
| | <u>29,454,779</u> | <u>11,757,907</u> |
| CURRENT LIABILITIES | | |
| Trade and other payables | 45,471,506 | 18,895,137 |
| Provisions | - | 1,589,821 |
| Amount due to related companies | - | 2,990,004 |
| Loans and borrowings | 4,440,238 | 17,385,457 |
| Tax payables | 38,845 | 927 |
| Overdrafts - secured | 2,093,975 | 2,475,951 |
| | <u>52,044,564</u> | <u>43,337,297</u> |
| TOTAL LIABILITIES | <u>81,499,343</u> | <u>55,095,204</u> |
| TOTAL EQUITY AND LIABILITIES | <u>338,657,271</u> | <u>204,894,456</u> |
| Number of ordinary shares (unit) | 404,046,775 | 361,957,575 |
| Net assets per share attributable to owners of the Company (sen) | <u>37.9</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 SECOND QUARTER
ENDED 30 JUNE 2018**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(THE FIGURES HAVE NOT BEEN AUDITED)**

| | <i>Non-Distributable</i> | | | | | | | Retained Profits | Sub-total | Non Controlling Interests | Total Equity |
|--|--------------------------|-----------------|---------------|-----------------------------|--------------------------------------|---------------------|-------------------|------------------|-------------|---------------------------|--------------|
| | Share Capital | Treasury Shares | Share Premium | Share Based Payment Reserve | Foreign Currency Translation Reserve | Revaluation Reserve | Statutory Reserve | | | | |
| | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM |
| Current period ended 30 JUNE 2018 | | | | | | | | | | | |
| 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 | - | - | - | - | - | - | - | 410,214 | 410,214 | (2,445,445) | (2,035,231) |
| Other Comprehensive income for the period | - | - | - | - | 209,510 | 10,950 | - | (10,950) | 209,510 | - | 209,510 |
| Total comprehensive (loss)/income for the period | - | - | - | - | 209,510 | 10,950 | - | 399,264 | 619,724 | (2,445,445) | (1,825,721) |
| Issuance of shares pursuant to :- | | | | | | | | | | | |
| - Private Placement | 5,657,500 | - | - | - | - | - | - | - | 5,657,500 | - | 5,657,500 |
| - ESOS exercised | 894,271 | - | - | - | - | - | - | - | 894,271 | - | 894,271 |
| Acquisition of Subsidiary | - | - | - | - | - | - | - | - | - | 103,497,601 | 103,497,601 |
| Repurchase of shares | - | (975) | - | - | - | - | - | - | (975) | - | (975) |
| Interim dividend paid to Non Controlling Interests | - | - | - | - | - | - | - | - | - | (864,000) | (864,000) |
| Balance as at 30 June 2018 | 83,189,163 | (124,273) | - | 3,804,184 | 1,471,342 | 2,200,998 | 203,809 | 62,530,312 | 153,275,535 | 103,882,393 | 257,157,928 |
| Corresponding period ended 30 JUNE 2017 | | | | | | | | | | | |
| 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 |
| Profit for the period | - | - | - | - | - | - | - | (9,528,260) | (9,528,260) | 83,310 | (9,444,950) |
| Other comprehensive income for the period | - | - | - | - | (7,192) | (22,348) | - | 22,348 | (7,192) | - | (7,192) |
| Total comprehensive income for the period | - | - | - | - | (7,192) | (22,348) | - | (9,505,912) | (9,535,452) | 83,310 | (9,452,142) |
| Issuance of shares pursuant to :- | | | | | | | | | | | |
| - ESOS exercised | 3,923,975 | - | - | - | - | - | - | - | 3,923,975 | - | 3,923,975 |
| Disposal of treasury shares | - | 2,311,328 | - | - | - | - | - | - | 2,311,328 | - | 2,311,328 |
| Share-based payment | - | - | - | 928,330 | - | - | - | - | 928,330 | - | 928,330 |
| Repurchase of shares | - | (825) | - | - | - | - | - | - | (825) | - | (825) |
| Balance as at 30 June 2017 | 33,659,288 | (122,448) | 34,509,031 | 3,208,017 | 1,476,846 | 2,212,395 | 203,809 | (43,937,785) | 31,209,153 | 2,674,892 | 33,884,045 |

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 SECOND QUARTER
 ENDED 30 JUNE 2018**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
 (THE FIGURES HAVE NOT BEEN AUDITED)**

| | CURRENT PERIOD ENDED 30 JUNE 2018 | CORRESPONDING PERIOD ENDED 30 JUNE 2017 |
|---|--|--|
| | RM | RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Loss)/Profit before tax | (1,887,028) | (9,159,216) |
| Adjustments for: | | |
| Depreciation | 2,890,324 | 844,706 |
| Reversal of allowance of doubtful debts | (9,215) | - |
| Amortisation of intangible assets | 8,000 | 260,100 |
| Interest income | (5,004) | (38,685) |
| Interest expense | 476,017 | 1,434,396 |
| Share of result of associate | 2,680,182 | 3,733,370 |
| Loss/(gain) on disposal of property, plant and equipment | 37,000 | 3,443 |
| Loss/(gain) on disposal of Subsidiary | 72,946 | - |
| Reversal of impairment of investment & fair value adjustment in associate | (29,024,281) | - |
| Impairment of goodwill | 18,392,247 | - |
| Share-based payments reserved in relating to ESOS | - | 928,330 |
| Property, plant and equipment written off | 4,520 | - |
| Provision for doubtful debts | 189,403 | 62,883 |
| Unrealised foreign exchange (gain)/loss | 501 | 6,978 |
| Operating profit before working capital changes | (6,174,388) | (1,923,695) |
| Changes in working capital | | |
| Receivables | 21,747,453 | (3,694,926) |
| Payables | (38,471,992) | 5,872,610 |
| Inventories | (300,834) | (408,587) |
| Cash (used in)/generated from operations | (23,199,761) | (154,598) |
| Tax paid | (1,016,797) | (668,990) |
| Tax refunded | 81,662 | 164,050 |
| Interest expense | (60,731) | (170,012) |
| Interest received | 5,004 | 38,685 |
| Net cash generated from/(used in) operating activities | (24,190,623) | (790,865) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (9,752,228) | (459,594) |
| Proceeds from shares placement | 42,000,000 | - |
| Deposit held as security | (10,000) | (445,240) |
| Net cash inflow on acquisition of subsidiary | 2,337,078 | - |
| Net cash outflow on disposal of subsidiary | (802) | - |
| Proceeds from disposal of property, plant & equipment | 49,771 | 4,057 |
| Interim Dividend Paid to Non-controlling interests | (864,000) | - |
| Purchase of Intellectual rights / Intangible Asset | (6,311) | - |
| Net cash generated from/(used in) investing activities | 33,753,508 | (900,777) |

| | CURRENT PERIOD ENDED 30 JUNE 2018 | CORRESPONDING PERIOD ENDED 30 JUNE 2017 |
|---|--|--|
| | RM | RM |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from disposal of subsidiaries | 12 | - |
| Proceeds on issuance of shares | 6,551,772 | 3,923,976 |
| Proceeds from disposal of treasury shares | - | 1,258,191 |
| Loss on disposal in treasury shares | - | 1,053,137 |
| Term Loan Drawdown | 28,000,000 | - |
| Shares margin loan drawdown | 2,000,000 | - |
| Purchase of treasury shares | (975) | (825) |
| Repayment of hire purchase payables | (87,187) | (89,631) |
| Repayment of term loan | (29,830,516) | (5,947,800) |
| Interest paid | (415,286) | (1,264,383) |
| Net cash generated from/(used in) financing activities | 6,217,820 | (1,067,335) |
| | | |
| Net increase/(decrease) in cash and cash equivalents | 15,780,705 | (2,758,977) |
| Effect of foreign exchange rate change | 106,081 | (8,857) |
| Opening balance of cash and cash equivalents | 4,371,719 | 2,997,747 |
| Closing balance of cash and cash equivalents | 20,258,505 | 229,913 |
| | | |
| Cash and cash equivalents | | |
| Fixed deposits with licensed bank | 1,270,561 | 1,195,975 |
| Cash and bank balances | 22,352,480 | 2,865,479 |
| Overdraft | (2,093,975) | (2,635,566) |
| | 21,529,066 | 1,425,888 |
| Less: Deposits held as security | (1,270,561) | (1,195,975) |
| Closing balance of cash and cash equivalents | 20,258,505 | 229,913 |

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 SECOND QUARTER ENDED 30 JUNE 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) On 2 April 2018, the Company had placed out 36,500,000 new ordinary shares, representing approximately 10% of the issued shares of the Company at an issue price of RM0.155 each.
- b) During the current financial quarter under review, the Company issued additional 15,000 new ordinary shares at an 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:-

| | No. of shares Issued and fully paid up '000 | Share Capital RM '000 |
|--|--|------------------------------|
| As at 1 April 2018 | 367,532 | 77,529 |
| Issuance of shares via Private Placement | 36,500 | 5,658 |
| Issuance of shares via ESOS | 15 | 2 |
| As at 30 June 2018 | 404,047 | 83,189 |

- c) 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.

- a) On 14 February 2018, the share exchange between Asiamet Education Group Bhd ("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 ("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 1 March 2018 as compared to the previous recognition of share of financial results of AEGB as an associate.

- b) Refer to Section A11 of this quarterly report for further details.

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 |
|------------------------------------|---------------------|--------------------|----------------------|------------------|------------------------|------------------------|
| 6 Months Ended 30 June 2018 | | | | | | |
| Revenue | | | | | | |
| External customers | 31,373 | 445 | 5,840 | - | - | 37,658 |
| Inter-company sales | - | - | 426 | - | (426) | - |
| Dividend income | - | - | - | 1,536 | (1,536) | - |
| | <u>31,373</u> | <u>445</u> | <u>6,266</u> | <u>1,536</u> | <u>(1,962)</u> | <u>37,658</u> |

Results:

Included in the measure of segment (loss) / profit

| | | | | | | |
|-------------------------------|----------------|------------|--------------|--------------|----------|----------------|
| Interest income | 4 | - | - | 863 | - | 867 |
| Interest expenses | (306) | (26) | (48) | (96) | - | (476) |
| Depreciation | (2,560) | (82) | (210) | (39) | - | (2,891) |
| Amortisation | (8) | - | - | - | - | (8) |
| Other non cash income | (189) | 76 | 43 | 10,407 | - | 10,337 |
| Share of results of associate | (2,680) | - | - | - | - | (2,680) |
| Profit before tax | <u>(8,409)</u> | <u>102</u> | <u>(583)</u> | <u>7,003</u> | <u>-</u> | <u>(1,887)</u> |
| Income tax expense | (153) | - | (2) | 7 | - | (148) |
| Segment profit/(loss) | <u>(8,562)</u> | <u>102</u> | <u>(585)</u> | <u>7,010</u> | <u>-</u> | <u>(2,035)</u> |

(b) Analysis by geographical areas

| | 6-months ended 30 June 2018 | | | |
|--|-----------------------------|--------------------|-----------------------------|-------------------------------|
| | Malaysia RM'000 | Overseas RM'000 | Elimi- nations RM'000 | Total Operations RM'000 |
| Revenue | | | | |
| External sales | 36,957 | 701 | - | 37,658 |
| Inter-segment | 426 | - | (426) | - |
| Total | <u>37,383</u> | <u>701</u> | <u>(426)</u> | <u>37,658</u> |
| Segment assets | 597,721 | 1,997 | (261,098) | 338,620 |
| Segment liabilities | 255,924 | 850 | (175,313) | 81,461 |
| Depreciation & amortisation | 2,889 | 9 | - | 2,898 |

A10 Material Events Subsequent to the End of the Current Quarter

There were no material events subsequent to the end of the current quarter under review.

A11 Changes in the Composition of the Group

There were no material changes in the composition of the Group for the financial period ended 30 June 2018 up to the date of this report save for the changes in the Group structure arising from the following :-

- (i) 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 30.06.2018
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 30 June 2018.

A13 Capital Commitments

There were no capital commitments for 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 |
| | 30.06.2018 RM'000 | 30.06.2017 RM'000 | | 30.06.2018 RM'000 | 30.06.2017 RM'000 | |
| Revenue | 26,106 | 23,781 | 10% | 37,657 | 43,042 | -13% |
| Operating Profit | (8,071) | (1,791) | -351% | 1,269 | (3,991) | 132% |
| Profit /(Loss) Before Interest and Tax | (8,071) | (2,914) | -177% | (1,411) | (7,725) | 82% |
| Profit / (Loss) Before Tax | (8,384) | (3,580) | -134% | (1,887) | (9,159) | 79% |
| Profit /(Loss) After Tax | (8,328) | (3,577) | -133% | (2,035) | (9,445) | 78% |
| Loss Attributable to Ordinary Equity Holders of the Parent | (5,863) | (3,680) | -59% | 410 | (9,528) | 104% |

Current quarter compared to preceding year's corresponding quarter

The Group recorded an increase in revenue of 10% for the current quarter under review as compared to the preceding year's corresponding quarter (Q2' 2017) ("corresponding quarter"). This is primarily attributable to an increase in revenue from Cyberjaya University College of Medical Sciences, as well as the inclusion of revenue from Asia Metropolitan University, Asia Metropolitan Colleges and Asia Metropolitan International School following the consolidation of Minda Global financial results from 1 March 2018.

The Group registered a higher loss before tax of RM8.38 million in the current quarter as compared to a loss before tax of RM3.58 million in the previous corresponding quarter. This increase is largely due to higher losses recognised under Asia Metropolitan University of 57% following the consolidation of Minda Global as compared to the previous 21% recorded under the status of associate company.

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

The Group recorded a decrease in revenue of 13% for the current period under review as compared to the preceding year's corresponding period. This is mainly due to the 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. Full recognition of revenue was effected from 1 March 2018 onwards.

The Group recorded a lower loss before tax of RM1.89 million in the current period as compared to a loss before tax of RM9.16 million in the previous corresponding period. The improved results is primarily due to a 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 30.06.2018 RM'000 | Immediate Preceding Quarter 31.03.2018 RM'000 | Variance |
|---|---|---|----------|
| Revenue | 26,106 | 11,551 | 126% |
| Operating Profit | (8,071) | 9,341 | 186% |
| Profit /(Loss) Before Interest and Tax | (8,071) | 6,660 | 221% |
| Profit /(Loss) Before Tax | (8,384) | 6,497 | 229% |
| Profit /(Loss) After Tax | (8,328) | 6,293 | 232% |
| Loss Attributable to Ordinary Equity Holders of the Parent | (5,863) | 6,274 | 193% |

The Group recorded a loss before tax to RM8.38 million in the current quarter as compared profit before tax of RM6.50 million in the immediate preceding quarter (Q1'2018). The results for the immediate preceding quarter includes a positive one off adjustment resulting from the net reversal of investment in an associate and fair value adjustment totalling RM10.63 million as earlier described. The losses in the current quarter is largely from higher losses recognised under Asia Metropolitan University of 57% following the consolidation of Minda Global as compared to the previous 21% recorded under the status of associate company.

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 concluded 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 which is 57% owned by the SMRT Group, will enable SMRT to place its 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 30.06.2018 RM'000 | Cumulative Quarter 30.06.2018 RM'000 |
|---|--|---|
| Income tax | | |
| Current | (43) | 161 |
| (Over)/Under provision of tax in prior year | (11) | (11) |
| Deferred tax liabilities | (2) | (2) |
| | <u>(56)</u> | <u>148</u> |

Income tax expenses are 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.

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 2nd quarter ended | |
|---------------------------|--------------------------------|------------------------------|
| | 30.06.2018 RM'000 | 30.06.2017 RM'000 |
| <u>Secured short-term</u> | | |
| Overdraft | 2,094 | 2,636 |
| Hire purchase payables | 71 | 202 |
| Term Loan (Islamic) | 2,370 | 14,538 |
| Shares Margin Loan | 2,000 | - |
| <u>Secured long-term</u> | | |
| Hire purchase payables | 481 | 132 |
| Term Loan (Islamic) | 28,973 | 18,942 |
| Total borrowings | <u>35,989</u> | <u>36,450</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 | |
|--|------------------------------|-------------------|--------------------------------|-------------------|
| | 30.06.2018 | 30.06.2017 | 30.06.2018 | 30.06.2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (Loss)/Profit attributable to ordinary equity holders of the parent (RM'000) | (5,863) | (3,680) | 410 | (9,528) |
| Weighted average number of ordinary shares in issue ('000) | | | | |
| As at 1 January 2018 / 1 April 2018 | 367,532 | 297,353 | 361,958 | 297,353 |
| Add: Effect of issuance of shares | 36,112 | 16,614 | 22,301 | 8,353 |
| Add: Effect of conversion of warrants | | 291 | - | 73 |
| Less: Effect of treasury shares held | - | - | (3) | (3) |
| As at 30 June 2018 | 403,644 | 314,258 | 384,256 | 305,776 |
| Basic (loss)/profit per ordinary shares (sen) | (1.45) | (1.17) | 0.11 | (3.12) |

(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 | |
|--|-----------------------|------------|-------------------------|------------|
| | 30.06.2018 | 30.06.2017 | 30.06.2018 | 30.06.2017 |
| (Loss)/Profit attributable to ordinary equity holders of the parent (RM'000) | (5,863) | (3,680) | 410 | (9,528) |
| Weighted average no. of ordinary shares in issue ('000) | 403,644 | 314,258 | 384,256 | 305,776 |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 403,644 | 314,258 | 384,256 | 305,776 |
| Diluted (loss)/earnings per shares (sen) | (1.45) | (1.17) | 0.11 | (3.12) |

* 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 | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30.06.2018 RM'000 | 30.06.2017 RM'000 | 30.06.2018 RM'000 | 30.06.2017 RM'000 |
| Operating profit has been arrived at after charging:- | | | | |
| Amortisation of intangible assets | 6 | 130 | 8 | 260 |
| Depreciation of property, plant and equipment | 2,150 | 436 | 2,890 | 845 |
| Interest expense | 313 | 665 | 476 | 1,434 |
| Property, plant and equipment written off | - | - | 5 | - |
| Realised loss on foreign exchange | 21 | 62 | 60 | 102 |
| Unrealised loss on foreign exchange | 1 | 5 | 1 | 7 |
| After crediting:- | | | | |
| Interest Income | 4 | 2 | 5 | 39 |
| Rental Income | 80 | 79 | 227 | 163 |
| Realised gain on foreign exchange | 24 | - | 24 | - |
| Unrealised gain on foreign exchange | (6) | - | - | - |

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

B12 Status of Utilisation of Proceeds from Placement Shares

As at 30 June 2018, the Group had utilised the proceeds from private placement in the following manner:-

| Details of Utilisation | Proposed Utilisation RM'000 | Actual Utilisation RM'000 | Intended Timeframe for Utilisation | Deviation Amount | | Explanations (if the deviation is 5% or more) |
|--|--------------------------------|------------------------------|---------------------------------------|------------------|------------|--|
| | | | | RM'000 | % | |
| Proceeds from Private Placement on 2 April 2018 | | 5,658 | | | | |
| | | 5,658 | | | | |
| a) General Working capital | 4,813 | 4,058 | Within 12 months | 755 | 16% | |
| b) Acquisition and/or investment in other complementary businesses | 1,500 | 1,500 | Within 12 months | - | 0% | |
| c) Estimate expenses in relation to the Private Placement | 100 | 82 | Within 12 months | 18 | 18% | |
| Total | 6,413 | 5,640 | | 773 | 34% | |