

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER
 ENDED 30 JUNE 2019**
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 (THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS		
	3-MONTH PERIOD ENDED		6-MONTH PERIOD ENDED		
	Note	30 JUNE 2019	30 JUNE 2018	30 JUNE 2019	30 JUNE 2018
	RM	RM	Unaudited RM	Unaudited RM	
Revenue		30,036,528	26,106,419	70,401,452	37,657,331
Cost of sales		(13,167,489)	(19,601,687)	(34,533,283)	(26,527,314)
Gross Profit		16,869,039	6,504,732	35,868,169	11,130,017
Other income		1,360,269	387,898	3,445,884	29,691,914
Administrative expenses		(19,944,812)	(14,968,990)	(39,095,883)	(39,557,764)
Profit / (Loss) from operations		(1,715,504)	(8,076,360)	218,170	1,264,167
Share of results of associate		-	-	-	(2,680,182)
Profit / (Loss) before interest and taxation		(1,715,504)	(8,076,360)	218,170	(1,416,015)
Interest Expenses		(6,788,184)	(313,012)	(13,412,064)	(476,017)
Interest Income		4,219	3,754	12,227	5,004
Profit / (Loss) before taxation		(8,499,469)	(8,385,618)	(13,181,667)	(1,887,028)
Taxation		1,052,388	55,907	2,008,431	(148,203)
Profit / (Loss) for the period		(7,447,081)	(8,329,711)	(11,173,236)	(2,035,231)
Profit / (Loss) attributable to:					
Owners of the Company		(6,311,233)	(5,863,345)	(10,576,385)	410,214
Non-controlling interests		(1,135,848)	(2,465,116)	(596,851)	(2,445,445)
		(7,447,081)	(8,329,711)	(11,173,236)	(2,035,231)

**Earnings per share attributable to
 Owner of the Company**

- Basic (sen)	B9	(1.55)	(1.45)	(2.60)	0.11
- Diluted (sen)	B9	(1.55)	(1.45)	(2.60)	0.11

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 2018.

QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER
ENDED 30 JUNE 2019

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 2019	30 JUNE 2018	30 JUNE 2019	30 JUNE 2018
	RM	RM	Unaudited RM	Unaudited RM
(Loss)/Profit for the period	(7,447,081)	(8,329,711)	(11,173,236)	(2,035,231)
OTHER COMPREHENSIVE INCOME				
Exchange difference arising on translation of foreign operations	(10,385)	278,873	(6,558)	209,510
Amortisation of revaluation reserve	(7,491)	-	(14,981)	10,950
Other comprehensive (loss)/income, net of tax	(17,876)	278,873	(21,539)	220,460
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(7,464,957)	(8,050,838)	(11,194,775)	(1,814,771)
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(6,329,109)	(5,585,722)	(10,597,924)	630,674
Non-controlling interests	(1,135,848)	(2,465,116)	(596,851)	(2,445,445)
	(7,464,957)	(8,050,838)	(11,194,775)	(1,814,771)

website : <http://www.smrhub.com/>

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER
ENDED 30 JUNE 2019**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Unaudited</i> 30 JUNE 2019	<i>Audited</i> 31 DECEMBER 2018
	RM	RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant & equipment	155,806,345	157,471,808
Right-of-use assets	268,939,349	-
Investment in associate	42,695	42,695
Goodwill on consolidation	37,998,752	37,998,752
Intangible assets	94,106,176	94,165,517
Deferred tax assets	4,735,751	2,660,008
	561,629,068	292,338,780
CURRENT ASSETS		
Inventories	7,430,028	10,258,163
Trade and other receivables	52,023,600	45,665,022
Contract costs	2,797,896	2,380,964
Current tax assets	1,959,862	1,949,823
Deposits placed with licensed banks	14,382,989	1,311,067
Cash and bank balances	2,546,554	5,399,073
	81,140,929	66,964,112
Non-current assets held for sale	-	17,580,121
TOTAL ASSETS	642,769,997	376,883,013
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	84,504,033	84,504,033
Treasury shares	(125,623)	(125,023)
Share based payment reserve	2,893,498	2,893,498
Revaluation reserve	1,483,127	1,498,108
Foreign currency translation reserve	(93,750)	(87,192)
Retained earnings	54,453,178	65,014,582
	143,114,463	153,698,006
Non-controlling interests	89,668,462	91,407,643
TOTAL EQUITY	232,782,925	245,105,649
NON-CURRENT LIABILITIES		
Loans and borrowings	27,791,341	27,740,251
Lease liabilities	276,434,915	-
Deferred tax liabilities	28,993,019	30,319,041
	333,219,275	58,059,292
CURRENT LIABILITIES		
Trade and other payables	55,837,271	51,959,276
Amount due to directors	1,177,040	1,177,040
Loans and borrowings	3,078,186	4,234,462
Overdraft	889,116	1,739,744
Lease liabilities	1,182,372	-
Contract liabilities	14,480,671	14,544,275
Tax payables	123,141	63,275
	76,767,797	73,718,072
TOTAL LIABILITIES	409,987,072	131,777,364
TOTAL EQUITY AND LIABILITIES	642,769,997	376,883,013
Number of ordinary shares (unit)	407,046,775	407,046,775
Net assets per share attributable to owners of the Company (sen)	35.2	37.8

Note:

The unaudited condensed consolidated Statement of Financial Position should be read in conjunction with the notes to the interim financial report and the audited financial statements of the Group for the financial year ended 31 December 2018.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER
 ENDED 30 JUNE 2019**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 (THE FIGURES HAVE NOT BEEN AUDITED)**

	Share Capital	Treasury Shares	<i>Non-Distributable</i>				Retained Profits	Sub-total	Non Controlling Interests	Total Equity
			Share Based Payment Reserve	Foreign Currency Translation Reserve	Revaluation Reserve	Statutory Reserve				
	RM	RM	RM	RM	RM	RM	RM	RM	RM	
Current period ended 30 JUNE 2019										
As at 1 January 2019	84,504,033	(125,023)	2,893,498	(87,192)	1,498,108	-	65,014,582	153,698,006	91,407,643	245,105,649
(Loss)/Profit for the period	-	-	-	-	-	-	(10,576,385)	(10,576,385)	(596,851)	(11,173,236)
Other Comprehensive income for the period	-	-	-	(6,558)	(14,981)	-	14,981	(6,558)	-	(6,558)
Total comprehensive (loss)/income for the period	-	-	-	(6,558)	(14,981)	-	(10,561,404)	(10,582,943)	(596,851)	(11,179,794)
Reversal of amount previously recognised directly in equity relating to assests classified as held for sale	-	-	-	-	-	-	-	-	(1,142,330)	(1,142,330)
Repurchase of shares	-	(600)	-	-	-	-	-	(600)	-	(600)
Balance as at 30 June 2019	84,504,033	(125,623)	2,893,498	(93,750)	1,483,127	-	54,453,178	143,114,463	89,668,462	232,782,925
Corresponding 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
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 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	-	-	-	-	-	-	-	-	(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

Note:

The unaudited condensed consolidated Statement of Changes in Equity should be read in conjunction with the notes to the interim financial report and the audited financial statements of the Group for the financial year ended 31 December 2018.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER
ENDED 30 JUNE 2019**

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

	CURRENT PERIOD ENDED 30 JUNE 2019	CORRESPONDING PERIOD ENDED 30 JUNE 2018
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(13,181,667)	(1,887,028)
Adjustments for:		
Depreciation of Property and equipment	5,534,734	2,890,324
Depreciation of Right-of-use assets	6,709,125	-
Reversal of allowance for doubtful debts	-	(9,215)
Amortisation of intangible assets	112,434	8,000
Reversal of trade receivables	(496,098)	-
Interest income	(12,227)	(5,004)
Interest expense	13,412,064	476,017
Share of result of associate	-	2,680,182
Loss/(gain) on disposal of property, plant and equipment	(82,564)	37,000
Loss/(gain) on disposal of investment in subsidiary	-	72,946
Loss/(gain) on disposal of assets held for sale	(1,737,557)	-
Impairment loss on goodwill on consolidation	-	18,392,247
Reversal of impairment of investment & fair value adjustment in associate	-	(29,024,281)
Property, plant and equipment written off	-	4,520
Provision for doubtful debts	340,632	189,403
Unrealised foreign exchange (gain)/loss	(10,608)	501
Operating profit before working capital changes	<u>10,588,268</u>	<u>(6,174,388)</u>
Changes in working capital		
Inventories	2,828,135	(300,834)
Receivables	(5,829,176)	21,747,453
Contract cost	(416,932)	-
Payables	3,282,258	(38,471,992)
Contract liabilities	(63,604)	-
Cash (used in)/generated from operations	<u>10,388,949</u>	<u>(23,199,761)</u>
Tax paid	(11,416)	(1,016,797)
Tax refunded	18,374	81,662
Interest expense	(10,479,509)	(60,731)
Interest received	12,227	5,004
Net cash generated from/(used in) operating activities	<u>(71,375)</u>	<u>(24,190,623)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(4,395,677)	(9,752,228)
Acquisition of Intangible Asset	(53,093)	(6,311)
Proceeds from disposal of assets held for sale	17,416,000	-
Proceeds from disposal of property, plant & equipment	13,057	49,771
Proceeds from shares placement	-	42,000,000
Net cash outflows / (inflows) on investment in subsidiaries	(168,172)	2,337,078
Net cash outflow / (inflows) on disposal of investment subsidiaries	-	(802)
Interim Dividend Paid to Non-controlling interests	-	(864,000)
Net cash generated from/(used in) investing activities	<u>12,812,115</u>	<u>33,763,508</u>

	CURRENT PERIOD ENDED 30 JUNE 2019	CORRESPONDING PERIOD ENDED 30 JUNE 2018
	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from disposal of subsidiaries	-	12
Proceeds on issuance of shares	-	6,551,772
Fixed deposit pledged to licences bank	(403,680)	(10,000)
Bank account pledged for Sukuk Wakalah	(13,224,879)	-
Withdrawal of fixed deposit	556,637	-
Term Loan Drawdown	-	28,000,000
Shares margin loan drawdown	-	2,000,000
Purchase of treasury shares	(600)	(975)
Repayment of hire purchase payables	(65,763)	(87,187)
Repayment of lease liabilities	(438,471)	-
Repayment of term loan	(1,165,696)	(29,830,516)
Interest paid	-	(415,286)
Net cash generated from/(used in) financing activities	(14,742,452)	6,207,820
Net increase/(decrease) in cash and cash equivalents	(2,001,712)	15,780,705
Effect of foreign exchange rate change	(179)	106,081
Opening balance of cash and cash equivalents	3,659,329	4,371,719
Closing balance of cash and cash equivalents	1,657,438	20,258,505
Cash and cash equivalents		
Fixed deposits with licensed bank	14,382,989	1,207,561
Cash and bank balances	2,546,554	22,352,480
Overdraft	(889,116)	(2,093,975)
	16,040,427	21,466,066
Less: Deposits held as security	143,011	(1,207,561)
Less: Bank accounts pledged for Sukuk Wakalah	(14,526,000)	-
Closing balance of cash and cash equivalents	1,657,438	20,258,505

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 2018.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

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 2018. 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 2018.

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 2018 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 2019 as disclosed below: -

MFRS 16	Lease
Amendments to MFRS 3	Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 9	Financial Instruments-Prepayment features with Negative
Amendments to MFRS 11	Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 112	Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 119	Employee Benefit (Plan Amendments, Curtailment or Settlement)
Amendments to MFRS 128	Investment in Associates and Joint Ventures - Long term interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments

The adoption of the abovementioned accounting standards and amendments have no material impact on the financial statements of the Group upon their initial application except for the following:

MFRS 16 - Leases

The Group has adopted MFRS 16 - Leases with a date of initial application on 1 January 2019. MFRS 16 replaces the guidance in MFRS - 117 Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group has adopted the standard using the modified retrospective approach and measured the right-of-use assets equal to the lease liabilities of RM267,487,433 at 1 January 2019 with no restatement to comparative information for prior year from the date of initial application.

In summary, the adoption of MFRS 16 Leases as at 1 January 2019 has the following impact:

- (i) To the opening balance as at 1 January 2019 :

Statement of Financial Position

	Report under		Increase/ (Decrease)
	MFRS 16 RM'000	MFRS 117 RM'000	(Decrease) RM'000
Non- Current Assets			
Right-of-use assets	268,939,349	-	268,939,349
Non-Current liabilities			
Lease liabilities	276,434,915	-	276,434,915
Current liabilities			
Lease liabilities	1,182,372	-	1,182,372

(ii) To the unaudited Consolidated Statement of Profit or Loss and other Comprehensive income for the financial period ended 30 June 2019:

	Before MFRS 16 Adjustment	MFRS 16 Adjustment	Unaudited 30.06.2019
	RM'000	RM'000	RM'000
Operating Leases	(10,022)	10,022	-
Depreciation Right-of-use assets	-	(6,709)	(6,709)
Interest on lease liabilities	-	(9,861)	(9,861)
Loss before taxation	(6,634)	(6,548)	(13,182)

c) Standards issued but not yet effective

At the date of authorisation of the interim financial report, the Standards issued by Malaysian Accounting Standards Board ("MASB") but not yet effective are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- i) Amendments to MFRS 3 - Business Combinations - Definition of a Business
- ii) Amendments to MFRS 101 - Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
- iii) Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- iv) Amendments to References to the Conceptual Framework in MFRS Standards

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 2018 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

- a) 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.

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 2019	407,047	84,504
Issuance of shares via Private Placement	-	-
Issuance of shares via ESOS	-	-
Transfer of share-based payment reserved upon exercise of ESOS	-	-
As at 30 June 2019	407,047	84,504

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
3 Months Ended 30 June 2019						
Revenue						
External customers	24,114	469	5,453	-	-	30,036
Inter-company sales	-	-	368	-	(368)	-
Dividend income	-	-	-	-	-	-
	<u>24,114</u>	<u>469</u>	<u>5,821</u>	<u>-</u>	<u>(368)</u>	<u>30,036</u>

Results:

Included in the measure of segment (loss) / profit

Interest income	4	-	-	-	-	4
Interest expenses	(5,699)	(18)	(5)	(1,066)	-	(6,788)
Depreciation & Amortisation						
- Properties and equipment	(2,554)	(36)	(146)	(31)	-	(2,767)
- investment property	(2,969)	-	-	(488)	-	(3,457)
Amortisation	(56)	-	-	-	-	(56)
Other non cash income	700	-	-	(817)	-	(117)
Profit/(Loss) before tax	<u>(6,140)</u>	<u>210</u>	<u>(578)</u>	<u>(1,991)</u>	<u>-</u>	<u>(8,499)</u>
Income tax expense	849	(6)	3	206	-	1,052
Segment profit/(loss)	<u>(5,291)</u>	<u>204</u>	<u>(575)</u>	<u>(1,785)</u>	<u>-</u>	<u>(7,447)</u>

Earnings before interest, taxation, depreciation and amortisation ("EBITDA")

5,134.00	264.00	(427.00)	(406.00)	4,565.00
-----------------	---------------	-----------------	-----------------	-----------------

	Education RM'000	Training RM'000	Technology RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
6 Months Ended 30 June 2019						
Revenue						
External customers	47,617	690	22,094	-	-	70,401
Inter-company sales	-	-	368	-	(368)	-
Dividend income	-	-	-	-	-	-
	<u>47,617</u>	<u>690</u>	<u>22,462</u>	<u>-</u>	<u>(368)</u>	<u>70,401</u>

Results:

Included in the measure of segment (loss) / profit

Interest income	9	-	3	-	-	12
Interest expenses	(11,219)	(36)	(32)	(2,125)	-	(13,412)
Depreciation of:						
- Properties and equipment	(5,135)	(74)	(264)	(62)	-	(5,535)
- investment property	(5,733)	-	-	(976)	-	(6,709)
Amortisation	(112)	-	-	-	-	(112)
Other non cash income	1,978	(1)	1	(806)	-	1,172
Profit before tax	<u>(11,109)</u>	<u>253</u>	<u>2,502</u>	<u>(4,827)</u>	<u>-</u>	<u>(13,181)</u>
Income tax expense	1,614	(11)	(4)	409	-	2,008
Segment profit/(loss)	<u>(9,495)</u>	<u>242</u>	<u>2,498</u>	<u>(4,418)</u>	<u>-</u>	<u>(11,173)</u>

Earnings before interest, taxation, depreciation and amortisation ("EBITDA")

11,081.00	363.00	2,795.00	(1,664.00)	12,575.00
------------------	---------------	-----------------	-------------------	------------------

(b) Analysis by geographical areas

Revenue	3-months ended 30 June 2019			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Conso- lidated RM'000
External sales	29,805	231	-	30,036
Inter-segment	-	368	(368)	-
Total	29,805	599	(368)	30,036

Revenue	6-months ended 30 June 2019			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Total Operations RM'000
External sales	70,058	343	-	70,401
Inter-segment	-	368	(368)	-
Total	70,058	711	(368)	70,401

Segment assets	875,447	1,491	(234,168)	642,770
Segment liabilities	529,837	554	(120,404)	409,987
Depreciation & amortisation	12,341	15	-	12,356

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 2019 up to the date of this report except for the following :-

- a) On 3 January 2019, the Company completed the acquisition of one (1) ordinary share in Cendana Edisi Sdn Bhd ("Cendana") representing 100% of the equity share capital of Cendana for a cash consideration of RM1.00 ("Acquisition"). Upon the Acquisition, Cendana shall become a wholly-owned subsidiary of the Company.
- b) The Group had on 30 March 2019 completed the acquisition of 10,000 ordinary shares from TalentOz Sdn Bhd (formerly known as Cendana Edisi Sdn Bhd) in Forzia Tech Private Limited ("Forzia") representing 100% equity interest in Forzia for a cash consideration of RM74,272. Upon the Acquisition, Forzia shall become a holly owned subsidiary of the Company.

A12 Contingent Liabilities or Contingent Assets

As at 30.06.2019
RM'000

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

4,695

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 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
	30.06.2019 RM'000	30.06.2018 RM'000		30.06.2019 RM'000	30.06.2018 RM'000	
Revenue	30,037	26,106	15%	70,401	37,657	87%
Operating Profit	(1,716)	(8,076)	79%	218	1,264	83%
Profit /(Loss) Before Interest and Tax	(1,716)	(8,076)	79%	218	(1,416)	115%
Profit / (Loss) Before Tax	(8,499)	(8,386)	-1%	(13,182)	(1,887)	-599%
Profit /(Loss) After Tax	(7,447)	(8,330)	11%	(11,173)	(2,035)	-449%
Loss Attributable to Ordinary Equity Holders of the Parent	(6,311)	(5,863)	-8%	(10,576)	410	2678%

Current quarter compared to preceding year's corresponding quarter

The Group recorded an increase in revenue of 15% for the current quarter under review as compared to the preceding year's corresponding quarter (Q2' 2018) ("corresponding quarter"). This is mainly due to higher number of active students enrolled from Education segment, as well as increased in revenue from Technology business segment.

The Group registered a loss before tax of RM8.50 million in the current quarter as compared to RM8.39 million in the preceding year corresponding quarter. The significant variance is mainly due to the effect of adoption of MFRS 16.

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

The Group recorded an increased in revenue of 87% for the current period under review as compared to the preceding year's corresponding period. This is mainly due to 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 February 2018, as well as an increased in revenue from the Technology business segment.

The Group recorded a loss before tax of RM13.18 million in the current period as compared to a RM1.89 million in the previous corresponding period. The significant variance is mainly due to the effect of adoption of MFRS 16.

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	Immediate Preceding Quarter	Variance
	30.06.2019	31.03.2019	
	RM'000	RM'000	
Revenue	30,037	40,365	-26%
Operating Profit	(1,716)	1,942	188%
Profit /(Loss) Before Interest and Tax	(1,716)	1,942	188%
Profit /(Loss) Before Tax	(8,499)	(4,682)	-82%
Profit /(Loss) After Tax	(7,447)	(3,726)	-100%
Loss Attributable to Ordinary Equity Holders of the Parent	(6,311)	(4,265)	-48%

The Group recorded a lower in revenue and loss before tax of RM30.04million and RM8.50million respectively in the current quarter as compared to RM40.37million and RM4.68 million in the immediate preceding quarter were mainly attributable for a decrease in revenue and profitability from technology segment.

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 one 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. In addition, 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 landscape of the future involves 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 huge, 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. The Group's strategy remains unchanged and continues to focus on 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 Ended		Cumulative Year To Date	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Income tax				
Current	5	(43)	70	161
Under/(Over) provision of tax in prior year	(3)	(11)	(3)	(11)
Deferred tax	(1,054)	(2)	(2,075)	(2)
	(1,052)	(56)	(2,008)	148

The taxation included the estimation of deferred tax arising from the recognition of lease liabilities.

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

	Cumulative Year To Date	
	30.06.2019 RM'000	30.06.2018 RM'000
<u>Secured short -term</u>		
Overdraft	889	2,094
Hire purchase payables	91	71
Lease assets payables	1,182	-
Term Loan	985	2,370
Shares Margin Loan	2,000	2,000
<u>Secured long -term</u>		
Hire purchase payables	401	481
Lease assets payables	276,435	-
Term Loan	27,390	28,973
Total borrowings	309,373	35,989

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 Earnings Per Share ("EPS")

The basic 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	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Earnings attributable to ordinary equity holders of the parent	(6,311)	(5,863)	(10,576)	410
Weighted average number of ordinary shares in issue				
As at 1 January 2019 / 1 April 2019	407,047	367,532	407,047	361,958
Add: Effect of issuance of shares	-	36,112	-	22,301
Add: Effect of conversion of warrants	-	-	-	-
Less: Effect of treasury shares held	-	-	(1)	(3)
As at 30 June 2019	407,047	403,644	407,046	384,256
Basic earnings per ordinary shares (sen)	(1.55)	(1.45)	(2.60)	0.11

(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	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Earnings attributable to ordinary equity holders of the parent	(6,311)	(5,863)	(10,576)	410
Weighted average no. of ordinary shares in issue	407,047	403,644	407,046	384,256
Adjusted weighted average number of ordinary shares in issue and issuable	407,047	403,644	407,046	384,256
Diluted earnings per shares (sen)	(1.55)	(1.45)	(2.60)	0.11

* 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

	Current Quarter ended		Cumulative Year-to-date	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Operating profit has been arrived at after charging:-				
Amortisation of intangible assets	56	6	112	8
Depreciation of property, plant and equipment	2,767	2,150	5,535	2,890
Depreciation of Right-of-use assets	3,457	-	6,709	-
Expected credit losses	(113)	-	(496)	-
Interest expense	6,788	313	13,412	476
Property, plant and equipment written off	-	-	-	5
Realised loss on foreign exchange	12	21	22	60
Unrealised (gain)/loss on foreign exchange	-	1	-	1
After crediting:-				
Gain on disposal of property, plant and equipment	570	-	1,820	-
Interest Income	4	4	12	5
Rental Income	754	80	1,450	227
Realised (loss)/gain on foreign exchange	23	24	148	24
Unrealised gain on foreign exchange	-	(6)	11	-

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