

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS		
	3-MONTH PERIOD ENDED		9-MONTH PERIOD ENDED		
	Note	30 SEPTEMBER 2019	30 SEPTEMBER 2018	30 SEPTEMBER 2019	30 SEPTEMBER 2018
	RM	RM	Unaudited RM	Unaudited RM	
Revenue		24,496,896	45,192,082	94,898,348	82,849,413
Cost of sales		(12,106,721)	(34,458,320)	(46,640,004)	(60,985,634)
Gross Profit		12,390,175	10,733,762	48,258,344	21,863,779
Other income		577,730	515,748	4,023,614	30,207,662
Administrative expenses		(19,598,453)	(14,852,934)	(58,694,336)	(54,410,698)
Profit / (Loss) from operations		(6,630,548)	(3,603,424)	(6,412,378)	(2,339,257)
Share of results of associate		-	-	-	(2,680,182)
Profit / (Loss) before interest and taxation		(6,630,548)	(3,603,424)	(6,412,378)	(5,019,439)
Interest Expenses		(6,701,043)	(642,101)	(20,113,107)	(1,118,118)
Interest Income		28,672	20,690	40,899	25,694
Profit / (Loss) before taxation		(13,302,919)	(4,224,835)	(26,484,586)	(6,111,863)
Taxation		899,118	167,559	2,907,549	19,356
Profit / (Loss) for the period		(12,403,801)	(4,057,276)	(23,577,037)	(6,092,507)
<b>Profit / (Loss) attributable to:</b>					
Owners of the Company		(8,035,331)	(2,324,704)	(18,611,716)	(1,914,490)
Non-controlling interests		(4,368,470)	(1,732,572)	(4,965,321)	(4,178,017)
		(12,403,801)	(4,057,276)	(23,577,037)	(6,092,507)
<b>Earnings per share attributable to Owner of the Company</b>					
- Basic (sen)	B9	(1.97)	(0.58)	(4.57)	(0.50)
- Diluted (sen)	B9	(1.97)	(0.58)	(4.57)	(0.50)

**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 THIRD QUARTER  
 ENDED 30 SEPTEMBER 2019**
**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
 (THE FIGURES HAVE NOT BEEN AUDITED)

Note	INDIVIDUAL QUARTER 3-MONTH PERIOD ENDED		CUMULATIVE QUARTERS 9-MONTH PERIOD ENDED	
	30 SEPTEMBER 2019	30 SEPTEMBER 2018	30 SEPTEMBER 2019	30 SEPTEMBER 2018
	RM	RM	Unaudited RM	Unaudited RM
(Loss)/Profit for the period	(12,403,801)	(4,057,276)	(23,577,037)	(6,092,507)
<b>OTHER COMPREHENSIVE INCOME</b>				
Exchange difference arising on translation of foreign operations	149,604	(14,276)	143,046	195,234
Amortisation of revaluation reserve	(1,483,127)	-	(1,498,108)	10,950
Other comprehensive (loss)/income, net of tax	(1,333,523)	(14,276)	(1,355,062)	206,184
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>(13,737,324)</b>	<b>(4,071,552)</b>	<b>(24,932,099)</b>	<b>(5,886,323)</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the Company	(9,368,854)	(2,338,980)	(19,966,778)	(1,708,306)
Non-controlling interests	(4,368,470)	(1,732,572)	(4,965,321)	(4,178,017)
	<b>(13,737,324)</b>	<b>(4,071,552)</b>	<b>(24,932,099)</b>	<b>(5,886,323)</b>

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**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER  
ENDED 30 SEPTEMBER 2019**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<i>Unaudited</i> <b>30 SEPTEMBER 2019</b>	<i>Audited</i> <b>31 DECEMBER 2018</b>
	<b>RM</b>	<b>RM</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	135,630,302	157,471,808
Right-of-use assets	265,482,772	-
Investment in associate	42,695	42,695
Goodwill on consolidation	37,998,752	37,998,752
Intangible assets	94,048,853	94,165,517
Deferred tax assets	5,661,185	2,660,008
	<b>538,864,559</b>	<b>292,338,780</b>
<b>CURRENT ASSETS</b>		
Inventories	9,655,914	10,258,163
Trade and other receivables	59,301,302	45,665,022
Contract costs	2,821,533	2,380,964
Current tax assets	1,327,531	1,949,823
Deposits placed with licensed banks	2,673,949	1,311,067
Cash and bank balances	3,870,512	5,399,073
	<b>79,650,741</b>	<b>66,964,112</b>
Non-current assets held for sale	15,021,549	17,580,121
<b>TOTAL ASSETS</b>	<b>633,536,849</b>	<b>376,883,013</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	84,504,033	84,504,033
Treasury shares	(126,123)	(125,023)
Share based payment reserve	2,893,498	2,893,498
Revaluation reserve	-	1,498,108
Foreign currency translation reserve	55,854	(87,192)
Retained earnings	46,402,866	65,014,582
	<b>133,730,128</b>	<b>153,698,006</b>
Non-controlling interests	85,209,482	91,407,643
<b>TOTAL EQUITY</b>	<b>218,939,610</b>	<b>245,105,649</b>
<b>NON-CURRENT LIABILITIES</b>		
Loans and borrowings	16,936,774	27,740,251
Lease liabilities	276,807,681	-
Deferred tax liabilities	28,993,019	30,319,041
	<b>322,737,474</b>	<b>58,059,292</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	59,675,922	51,959,276
Amount due to directors	-	1,177,040
Loans and borrowings	2,695,612	4,234,462
Overdraft	310,881	1,739,744
Lease liabilities	1,207,058	-
Contract liabilities	27,833,812	14,544,275
Tax payables	136,480	63,275
	<b>91,859,765</b>	<b>73,718,072</b>
<b>TOTAL LIABILITIES</b>	<b>414,597,239</b>	<b>131,777,364</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>633,536,849</b>	<b>376,883,013</b>
Number of ordinary shares (unit)	407,046,775	407,046,775
Net assets per share attributable to owners of the Company (sen)	32.9	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.

**Current period ended  
30 SEPTEMBER 2019**

	Share Capital	Treasury Shares	Share Based Payment Reserve	Foreign Currency Translation Reserve	Revaluation Reserve	Statutory Reserve	Retained Profits	Sub-total	Non Controlling Interests	Total Equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
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	-	-	-	-	-	-	(18,611,716)	(18,611,716)	(4,965,321)	(23,577,037)
Other Comprehensive income for the period	-	-	-	143,046	(1,498,108)	-	-	(1,355,062)	-	(1,355,062)
Total comprehensive (loss)/income for the period	-	-	-	143,046	(1,498,108)	-	(18,611,716)	(19,966,778)	(4,965,321)	(24,932,099)
Reversal of amount previously recognised directly in equity relating to assests classified as held for sale	-	-	-	-	-	-	-	-	(1,232,840)	(1,232,840)
Repurchase of shares	-	(1,100)	-	-	-	-	-	(1,100)	-	(1,100)
Balance as at 30 September 2019	84,504,033	(126,123)	2,893,498	55,854	-	-	46,402,866	133,730,128	85,209,482	218,939,610

**Corresponding period ended  
30 SEPTEMBER 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	-	-	-	-	-	-	(1,914,490)	(1,914,490)	(4,178,017)	(6,092,507)
Other comprehensive income for the period	-	-	-	195,234	10,950	-	(10,950)	195,234	-	195,234
Total comprehensive income for the period	-	-	-	195,234	10,950	-	(1,925,440)	(1,719,256)	(4,178,017)	(5,897,273)
Issuance of shares pursuant to :-										
- Private Placement	5,657,500	-	-	-	-	-	-	5,657,500	-	5,657,500
- ESOS exercised	1,374,271	-	-	-	-	-	-	1,374,271	-	1,374,271
Acquisition of Subsidiary	-	-	-	-	-	-	-	-	104,030,806	104,030,806
Share options granted under ESOS	-	-	(75,816)	-	-	-	-	(75,816)	-	(75,816)
Repurchase of shares	-	(1,725)	-	-	-	-	-	(1,725)	-	(1,725)
Interim dividend paid to Non Controlling	-	-	-	-	-	-	-	-	(864,000)	(864,000)
Balance as at 30 September 2018	83,669,163	(125,023)	3,728,368	1,457,066	2,200,998	203,809	60,205,608	151,339,989	102,683,026	254,023,015

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 THIRD QUARTER  
 ENDED 30 SEPTEMBER 2019**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
 (THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>CURRENT PERIOD ENDED 30 SEPTEMBER 2019</b>	<b>CORRESPONDING PERIOD ENDED 30 SEPTEMBER 2018</b>
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	(26,484,586)	(6,111,863)
Adjustments for:		
Depreciation of Property and equipment	8,412,844	4,786,905
Depreciation of investment property	-	-
Depreciation of Right-of-use assets	10,165,703	-
Reversal of allowance for doubtful debts	-	(82,063)
Amortisation of intangible assets	169,758	59,998
Reversal of trade receivables	(496,098)	-
Interest income	(40,899)	(25,694)
Interest expense	20,113,107	1,118,118
Share of result of associate	-	2,680,182
Loss/(gain) on disposal of property, plant and equipment	1,738	(113,647)
Loss/(gain) on disposal of investment in subsidiary	-	72,946
Loss/(gain) on disposal of assets held for sale	(1,828,068)	-
Impairment loss on goodwill on consolidation	-	17,685,442
Impairment loss on property, plant and equipment	(2,603)	-
Impairment loss on asset held for sale	2,782,683	-
Reversal of impairment of investment & fair value adjustment in associate	-	(29,024,281)
Share-based payments reserved in relating to ESOS	-	(75,816)
Bad debts Written off	-	-
Property, plant and equipment written off	-	4,520
Provision for doubtful debts	320,995	345,036
Unrealised foreign exchange (gain)/loss	(8,602)	-
Operating profit before working capital changes	13,105,972	(8,680,217)
Changes in working capital		
Inventories	602,249	(299,808)
Receivables	(13,136,861)	(523,061)
Contract cost	(440,569)	-
Payables	4,976,392	(11,840,493)
Contract liabilities	13,289,537	-
Cash (used in)/generated from operations	18,396,720	(21,343,579)
Tax paid	(37,334)	(1,355,594)
Tax refunded	651,729	525,145
Interest expense	(16,238,625)	(114,715)
Interest received	40,899	25,694
<b>Net cash generated from/(used in) operating activities</b>	<b>2,813,389</b>	<b>(22,263,049)</b>

	<b>CURRENT PERIOD ENDED 30 SEPTEMBER 2019</b>	<b>CORRESPONDING PERIOD ENDED 30 SEPTEMBER 2018</b>
	RM	RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(5,701,112)	(16,193,926)
Acquisition of Intangible Asset	(53,093)	(89,196)
Proceeds from disposal of assets held for sale	17,416,000	-
Proceeds from disposal of property, plant & equipment	13,057	116,418
Proceeds from shares placement	-	42,000,000
Bargain purchase in subsidiaries	(50,891)	2,337,078
Net cash outflow / (inflows) on disposal of investment subsidiaries	-	(802)
Interim Dividend Paid to Non-controlling interests	-	(864,000)
<b>Net cash generated from/(used in) investing activities</b>	<b>11,623,961</b>	<b>27,305,572</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from disposal of subsidiaries	-	12
Proceeds on issuance of shares	-	7,031,772
Fixed deposit pledged to licences bank	(435,861)	(37,465)
Bank account pledged for Sukuk Wakalah	(1,656,305)	-
Repayment of Sukuk Wakalah	(11,000,000)	-
Withdrawal of fixed deposit	926,284	-
Term Loan Drawdown	-	28,000,000
Shares margin loan drawdown	-	2,000,000
Purchase of treasury shares	(1,100)	(1,725)
Repayment of hire purchase payables	(82,775)	(88,899)
Repayment of lease liabilities	(723,303)	-
Repayment of borrowings	(1,564,233)	(30,461,939)
Interest paid	-	(1,003,403)
<b>Net cash generated from/(used in) financing activities</b>	<b>(14,537,293)</b>	<b>5,438,353</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(99,943)</b>	<b>10,480,876</b>
Effect of foreign exchange rate change	245	(208,235)
Opening balance of cash and cash equivalents	3,659,329	1,895,768
<b>Closing balance of cash and cash equivalents</b>	<b>3,559,631</b>	<b>12,168,409</b>
<b>Cash and cash equivalents</b>		
Fixed deposits with licensed bank	2,673,949	1,298,025
Cash and bank balances	3,870,512	14,330,565
Overdraft	(310,881)	(2,162,156)
	6,233,580	13,466,434
Less: Deposits held as security	(820,644)	(1,298,025)
Less: Bank accounts pledged for Sukuk Wakalah	(1,853,305)	-
<b>Closing balance of cash and cash equivalents</b>	<b>3,559,631</b>	<b>12,168,409</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 2018.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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	RM'000
<b>Non- Current Assets</b>			
Right-of-use assets	267,487,433	-	267,487,433
<b>Non-Current liabilities</b>			
Lease liabilities	255,943,086	-	255,943,086
<b>Current liabilities</b>			
Lease liabilities	11,544,346	-	11,544,346

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

	<b>Before MFRS 16 Adjustment</b>	<b>MFRS 16 Adjustment</b>	<b>Unaudited 30.09.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Operating Leases	(15,736)	15,736	-
Depreciation Right-of-use assets	-	(10,166)	(10,166)
Interest on lease liabilities	-	(18,098)	(18,098)
<b>Loss before taxation</b>	<b>(13,957)</b>	<b>(12,528)</b>	<b>(26,485)</b>

**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**

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 :-

During the current financial quarter under review, the Company repurchased 5,000 of its issued shares from the open market at RM0.10 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:-

	<b>No. of shares Issued and fully paid up '000</b>	<b>Share Capital  RM '000</b>
As at 1 July 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 September 2019	<b>407,047</b>	<b>84,504</b>

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

The value of property, plant and equipment 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 30 September 2019</b>						
<b>Revenue</b>						
External customers	24,179	697	(379)	-	-	24,497
Inter-company sales	-	-	580	-	(580)	-
Dividend income	-	-	-	-	-	-
	<u>24,179</u>	<u>697</u>	<u>201</u>	<u>-</u>	<u>(580)</u>	<u>24,497</u>

#### Results:

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

Interest income	2	-	27	-	-	29
Interest expenses	(5,598)	(16)	(13)	(1,074)	-	(6,701)
Depreciation & Amortisation	-	-	-	-	-	-
- Properties and equipment	(2,678)	(31)	(164)	(5)	-	(2,878)
- Right-of-use assets	(2,968)	-	-	(489)	-	(3,457)
Amortisation	(58)	-	-	-	-	(58)
Other non cash income	(2,969)	(2)	-	766	-	(2,205)
Profit/(Loss) before tax	<u>(9,664)</u>	<u>269</u>	<u>(1,715)</u>	<u>(2,194)</u>	<u>-</u>	<u>(13,304)</u>
Income tax expense	740	(5)	(1)	166	-	900
Segment profit/(loss)	<u>(8,924)</u>	<u>264</u>	<u>(1,716)</u>	<u>(2,028)</u>	<u>-</u>	<u>(12,404)</u>

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

	<b>1,636.00</b>	<b>316.00</b>	<b>(1,565.00)</b>	<b>(626.00)</b>		<b>(239.00)</b>
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	Education RM'000	Training RM'000	Technology RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>9 Months Ended 30 September 2019</b>						
<b>Revenue</b>						
External customers	71,796	1,387	21,715	-	-	94,898
Inter-company sales	-	-	948	-	(948)	-
Dividend income	-	-	-	-	-	-
	<u>71,796</u>	<u>1,387</u>	<u>22,663</u>	<u>-</u>	<u>(948)</u>	<u>94,898</u>

#### Results:

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

Interest income	11	-	30	-	-	41
Interest expenses	(16,817)	(52)	(45)	(3,199)	-	(20,113)
Depreciation of:	-	-	-	-	-	-
- Properties and equipment	(7,813)	(105)	(428)	(67)	-	(8,413)
- Right-of-use assets	(8,701)	-	-	(1,465)	-	(10,166)
Amortisation	(170)	-	-	-	-	(170)
Other non cash income	(991)	(3)	1	(40)	-	(1,033)
Profit before tax	<u>(20,773)</u>	<u>522</u>	<u>787</u>	<u>(7,021)</u>	<u>-</u>	<u>(26,485)</u>
Income tax expense	2,354	(16)	(5)	575	-	2,908
Segment profit/(loss)	<u>(18,419)</u>	<u>506</u>	<u>782</u>	<u>(6,446)</u>	<u>-</u>	<u>(23,577)</u>

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

	<b>12,717.00</b>	<b>679.00</b>	<b>1,230.00</b>	<b>(2,290.00)</b>		<b>12,336.00</b>
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(b) Analysis by geographical areas

Revenue	3-months ended 30 September 2019			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Conso- lidated RM'000
External sales	24,299	198	-	24,497
Inter-segment	-	580	(580)	-
Total	24,299	778	(580)	24,497

Revenue	9-months ended 30 September 2019			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Total Operations RM'000
External sales	94,357	541	-	94,898
Inter-segment	-	948	(948)	-
Total	94,357	1,489	(948)	94,898

<b>Segment assets</b>	865,085	1,371	(232,919)	633,537
<b>Segment liabilities</b>	485,540	488	(71,431)	414,597
<b>Depreciation &amp; amortisation</b>	18,727	21	-	18,748

**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 September 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 wholly-owned subsidiary of the Company.

**A12 Contingent Liabilities or Contingent Assets**

As at 30.09.2019  
RM'000

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

495

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
	30.09.2019 RM'000	30.09.2018 RM'000		30.09.2019 RM'000	30.09.2018 RM'000	
Revenue	24,497	45,192	-46%	94,898	82,849	15%
Operating Profit	(6,631)	(3,603)	-84%	(6,412)	(2,339)	-174%
Profit /(Loss) Before Interest and Tax	(6,631)	(3,603)	-84%	(6,412)	(5,019)	-28%
Profit / (Loss) Before Tax	(13,303)	(4,225)	-215%	(26,485)	(6,112)	-333%
Profit /(Loss) After Tax	(12,404)	(4,057)	-206%	(23,577)	(6,093)	-287%
Loss Attributable to Ordinary Equity Holders of the Parent	(8,035)	(2,325)	-246%	(18,612)	(1,914)	-872%

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

The Group recorded a decrease in revenue of 46% for the current quarter under review as compared to the preceding year's corresponding quarter (Q3' 2018) ("corresponding quarter"). This is mainly due to lower revenue recorded for Technology segment during the quarter.

The Group registered a loss before tax of RM13.30 million in the current quarter as compared to RM4.23 million in the preceding year corresponding quarter. The significant variance was mainly due to the effect on 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 by 15% for the current period under review as compared to the preceding year's corresponding period. This is mainly due to the consolidation of revenue from Minda Global group of companies with effective from 1st February 2018, as well as an increased in revenue from the Technology business segment, as compared to the preceding year's corresponding period.

The Group recorded a loss before tax of RM26.48 million in the current period as compared to a RM6.11 million in the previous corresponding period. The significant variance is mainly due to the effect on 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
	30.09.2019	30.06.2019	
	RM'000	RM'000	
Revenue	24,497	30,037	-18%
Operating Profit	(6,631)	(1,716)	-287%
Profit /(Loss) Before Interest and Tax	(6,631)	(1,716)	-287%
Profit /(Loss) Before Tax	(13,303)	(8,499)	-57%
Profit /(Loss) After Tax	(12,404)	(7,447)	-67%
Loss Attributable to Ordinary Equity Holders of the Parent	(8,035)	(6,311)	-27%

The Group recorded a lower revenue and loss before tax of RM24.50 million and RM13.30 million respectively in the current quarter as compared to RM30.04 million and RM8.50 million in the immediate preceding quarter, mainly resulted from lower contribution from Technology segmental for the current quarter under review.

### 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 areas, 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	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Income tax				
Current	(48)	(175)	22	(14)
Under/(Over) provision of tax in prior year	-	7	(3)	(4)
Deferred tax	(852)	-	(2,927)	(2)
	<b>(900)</b>	<b>(168)</b>	<b>(2,908)</b>	<b>(20)</b>

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 except for the following :-

- a) On 4 October 2019, Talentoz Sdn Bhd ("Talentoz"), a wholly owned subsidiary of the Company had entered into an Intellectual Property Sale and Purchase Agreement with Mohamed Shakeer Bin Abdul Rahim to acquire an Intellectual Property known as "Datazie" ("Datazie" or "Intellectual Property") for a consideration valued at Ringgit Malaysia Ninety Thousand (RM90,000.00) Only to be satisfied by the issuance of new and registrable ordinary shares of Talentoz up to 45% of the enlarged paid-up capital of Talentoz ("Acquisition"). Upon completion of the Acquisition, the equity shares of the Company in Talentoz shall reduce from 100% to 55%.
- b) On 11 November 2019, The Company entered into a share sale agreement ("SSA") with Minda Global Berhad ("Minda") for the proposed disposal of 20,786,000 ordinary shares in SMR HR Group Sdn Bhd ("SMR HRG"), representing the entire equity interest in SMR HRG for a consideration of Ringgit Malaysia Five Million Two Hundred Thirty Thousand (RM5,230,000.00) Only ("Sale Consideration") ("Proposed Disposal"). Upon completion of the Proposed Disposal, SMR HRG shall cease to be a wholly-owned subsidiary of the Company.

**B7 Group Borrowings**

	Cumulative Year To Date	
	30.09.2019 RM'000	30.09.2018 RM'000
<u>Secured short -term</u>		
Overdraft	311	2,162
Hire purchase payables	105	116
Lease assets payables	1,207	-
Term Loan	588	2,347
Shares Margin Loan	2,000	2,000
<u>Secured long -term</u>		
Hire purchase payables	501	461
Lease assets payables	276,808	-
Term Loan	16,436	28,365
Total borrowings	297,956	35,451

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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Earnings attributable to ordinary equity holders of the parent	(8,035)	(2,325)	(18,612)	(1,914)
Weighted average number of ordinary shares in issue				
As at 1 January 2019 / 1 July 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	(0)	-	(3)	(3)
As at 30 September 2019	407,046	403,644	407,044	384,256
Basic earnings per ordinary shares (sen)	(1.97)	(0.58)	(4.57)	(0.50)

**(b) Fully diluted earnings per share**

Diluted earnings per share amounts are calculated by dividing the Group's profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Current Quarter Ended		Cumulative Year To Date	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
Earnings attributable to ordinary equity holders of the parent	(8,035)	(2,325)	(18,612)	(1,914)
Weighted average no. of ordinary shares in issue	407,046	403,644	407,044	384,256
Adjusted weighted average number of ordinary shares in issue and issuable	407,046	403,644	407,044	384,256
Diluted earnings per shares (sen)	(1.97)	(0.58)	(4.57)	(0.50)

\* 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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Operating profit has been arrived at after charging:-				
Amortisation of intangible assets	58	38	170	46
Depreciation of property, plant and equipment	2,878	1,902	8,413	4,792
Depreciation of Right-of-use assets	3,457	-	10,166	-
Expected credit losses	-	-	(496)	-
Interest expense	6,701	642	20,113	1,118
Property, plant and equipment written off	-	-	-	5
Realised loss on foreign exchange	58	103	80	163
After crediting:-				
Gain on disposal of property, plant and equipment	(204)	-	1,616	-
Interest Income	29	21	41	26
Rental Income	752	161	2,202	388
Realised (loss)/gain on foreign exchange	9	(24)	157	-
Unrealised gain on foreign exchange	(4)	-	7	-

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