

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER
ENDED 31 MARCH 2020**
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(THE FIGURES HAVE NOT BEEN AUDITED)

Note	INDIVIDUAL QUARTER 3-MONTH PERIOD ENDED		CUMULATIVE QUARTERS 3-MONTH PERIOD ENDED	
	31 MARCH 2020	31 MARCH 2019	31 MARCH 2020	31 MARCH 2019
	RM	RM	Unaudited RM	Unaudited RM
Revenue	24,552,011	40,364,924	24,552,011	40,364,924
Cost of sales	(16,953,692)	(21,365,794)	(16,953,692)	(21,365,794)
Gross Profit	7,598,318	18,999,130	7,598,318	18,999,130
Other income	792,319	2,085,615	792,319	2,085,615
Administrative expenses	(14,984,709)	(19,151,071)	(14,984,709)	(19,151,071)
Profit / (Loss) from operations	(6,594,072)	1,933,674	(6,594,072)	1,933,674
Share of results of associate	-	-	-	-
Profit / (Loss) before interest and tax	(6,594,072)	1,933,674	(6,594,072)	1,933,674
Interest Expenses	(5,907,451)	(6,623,880)	(5,907,451)	(6,623,880)
Interest Income	1,801	8,008	1,801	8,008
Profit / (Loss) before taxation	(12,499,723)	(4,682,198)	(12,499,723)	(4,682,198)
Taxation	607,988	956,043	607,988	956,043
Profit / (Loss) for the period	(11,891,734)	(3,726,155)	(11,891,734)	(3,726,155)
Profit / (Loss) attributable to:				
Owners of the Company	(7,641,668)	(4,265,152)	(7,641,668)	(4,265,152)
Non-controlling interests	(4,250,066)	538,997	(4,250,066)	538,997
	(11,891,734)	(3,726,155)	(11,891,734)	(3,726,155)

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

- Basic (sen)	B9	(1.88)	(1.05)	(1.88)	(1.05)
- Diluted (sen)	B9	(1.88)	(1.05)	(1.88)	(1.05)

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 2019.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER
 ENDED 31 MARCH 2020**
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(THE FIGURES HAVE NOT BEEN AUDITED)

Note	INDIVIDUAL QUARTER 3-MONTH PERIOD ENDED		CUMULATIVE QUARTERS 12-MONTH PERIOD ENDED	
	31 MARCH 2020	31 MARCH 2019	31 MARCH 2020	31 MARCH 2019
	RM	RM	Unaudited RM	Audited RM
(Loss)/Profit for the period	(11,891,734)	(3,726,155)	(11,891,734)	(3,726,155)
OTHER COMPREHENSIVE INCOME				
Exchange difference arising on translation of foreign operations	(118,668)	3,827	(118,668)	3,827
Amortisation of revaluation reserve	-	(7,490)	-	(7,490)
Other comprehensive (loss)/income, net of tax	(118,668)	(3,663)	(118,668)	(3,663)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(12,010,403)	(3,729,818)	(12,010,403)	(3,729,818)
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(7,760,336)	(4,268,815)	(7,760,336)	(4,268,815)
Non-controlling interests	(4,250,066)	538,997	(4,250,066)	538,997
	(12,010,403)	(3,729,818)	(12,010,403)	(3,729,818)

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**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER
 ENDED 31 MARCH 2020**
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Unaudited</i> 31 MARCH 2020	<i>Audited</i> 31 DECEMBER 2019
	RM	RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant & equipment	78,124,226	80,368,453
Right-of-use assets	225,255,549	228,426,834
Investment in associate	48,642	48,642
Goodwill on consolidation	34,493,752	34,493,752
Intangible assets	94,027,345	94,084,668
Deferred tax assets	6,486,273	5,830,873
	<u>438,435,786</u>	<u>443,253,222</u>
CURRENT ASSETS		
Inventories	3,935,035	1,378,471
Trade and other receivables	55,602,577	42,356,230
Contract costs	3,466,109	3,316,035
Current tax assets	473,540	519,992
Deposits placed with licensed banks	3,043,921	2,313,965
Cash and bank balances	7,899,228	14,728,024
	<u>74,420,411</u>	<u>64,612,718</u>
Non-current assets held for sale	40,383,906	40,594,298
	<u>40,383,906</u>	<u>40,594,298</u>
TOTAL ASSETS	553,240,103	548,460,237
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	84,504,033	84,504,033
Share premium	-	-
Treasury shares	(294,252)	(253,964)
Share based payment reserve	-	-
Revaluation reserve	-	-
Foreign currency translation reserve	(141,848)	(23,179)
Statutory reserve	-	-
Retained earnings	22,080,698	29,722,365
	<u>106,148,631</u>	<u>113,949,254</u>
Non-controlling interests	75,898,068	80,061,384
TOTAL EQUITY	182,046,699	194,010,638
NON-CURRENT LIABILITIES		
Loans and borrowings	863,177	565,067
Lease liabilities	214,125,040	220,078,296
Deferred tax liabilities	27,848,663	27,848,663
	<u>242,836,880</u>	<u>248,492,027</u>
CURRENT LIABILITIES		
Trade and other payables	63,136,728	61,951,031
Amount due to directors	-	7,002,500
Loans and borrowings	18,538,883	18,680,712
Overdraft	-	429,494
Lease liabilities	13,137,229	7,682,807
Contract liabilities	29,200,356	10,021,238
Tax payables	143,328	189,790
	<u>124,156,524</u>	<u>105,957,573</u>
TOTAL LIABILITIES	366,993,403	354,449,599
TOTAL EQUITY AND LIABILITIES	549,040,103	548,460,237
Number of ordinary shares (unit)	407,046,775	407,046,775
Net assets per share attributable to owners of the Company (sen)	26.1	28.0

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 2019.

SMRT HOLDINGS BERHAD (659523-T)
**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER
 ENDED 31 MARCH 2020**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 (THE FIGURES HAVE NOT BEEN AUDITED)**

	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
Current period ended 31 MARCH 2020										
As at 01 JANUARY 2020	84,504,033	(253,964)	-	(23,179)	-	-	29,722,366	113,949,255	80,061,384	194,010,639
(Loss)/Profit for the period	-	-	-	-	-	-	(7,641,668)	(7,641,668)	(4,250,066)	(11,891,734)
Other Comprehensive income for the period	-	-	-	(118,668)	-	-	-	(118,668)	-	(118,668)
Total comprehensive income the period	-	-	-	(118,668)	-	-	(7,641,668)	(7,760,336)	(4,250,066)	(12,010,403)
Transaction with owners										
Repurchase of shares	-	(40,288)	-	-	-	-	-	(40,288)	-	(40,288)
Disposal of investment in subsidiaries	-	-	-	-	-	-	-	-	86,751	86,751
Total transactions with owners	-	(40,288)	-	-	-	-	-	(40,288)	86,751	46,463
Balance as at 31 MARCH 2020	84,504,033	(294,252)	-	(141,848)	-	-	22,080,698	106,148,631	75,898,068	182,046,699
Corresponding period ended 31 MARCH 2019										
As at 01 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
Profit for the period	-	-	-	-	-	-	(3,061,123)	(3,061,123)	(87,283)	(3,148,406)
Other comprehensive income for the period	-	-	-	3,827	(7,490)	-	7,490	3,827	-	3,827
Total comprehensive income the period	-	-	-	3,827	(7,490)	-	(3,053,633)	(3,057,296)	(87,283)	(3,144,579)
Transaction with owners										
Repurchase of shares	-	(600)	-	-	-	-	-	(600)	-	(600)
Total transactions with owners	-	(600)	-	-	-	-	-	(600)	-	(600)
Balance as at 31 MARCH 2019	84,504,033	(125,623)	2,893,498	(83,365)	1,490,618	-	61,960,949	150,640,110	91,320,360	241,960,470

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 2019.

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER
ENDED 31 MARCH 2020**

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

	CURRENT PERIOD ENDED 31 MARCH 2020	CORRESPONDING PERIOD ENDED 31 MARCH 2019
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(12,499,723)	(4,682,198)
Adjustments for:		
Amortisation of intangible assets	57,000	55,996
Depreciation of Property and equipment	2,266,425	2,767,660
Depreciation in investment property	-	3,252,549
Depreciation of Right-of-use assets	3,522,023	-
Reversal of trade receivables	-	(382,643)
Interest income	(2,096)	(8,008)
Interest expense	5,908,118	6,623,880
Loss/(gain) on disposal of property, plant and equipment	(30,000)	-
Loss/(gain) on disposal of investment in subsidiary	86,751	-
Loss/(gain) on disposal of assets held for sale	-	(1,249,951)
Bad debts Written off	44,834	-
Provision for doubtful debts	-	354,687
Unrealised foreign exchange (gain)/loss	-	(11,292)
Operating profit /(loss) before working capital changes	<u>(646,667)</u>	<u>6,720,680</u>
Changes in working capital		
Inventories	(2,556,564)	4,412,452
Receivables	(6,226,558)	(12,287,206)
Contract cost	(150,000)	(262,554)
Payables	(6,930,174)	(1,516,646)
Lease liabilities	(5,170,454)	-
Contract liabilities	13,658,924	7,294,296
Cash (used in)/generated from operations	<u>(8,021,492)</u>	<u>4,361,022</u>
Tax paid	(464,739)	(5,275)
Tax refunded	-	14,464
Interest expense	-	(4,779,091)
Interest received	2,096	8,008
Net cash generated from/(used in) operating activities	<u>(8,484,135)</u>	<u>(400,872)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	-	(1,851,636)
Acquisition of Intangible Asset	-	-
Proceeds from disposal of assets held for sale	-	14,700,000
Proceeds from disposal of property, plant & equipment	-	7,568
Net cash inflows / (outflows) on investment in subsidiaries	-	(155,508)
Net cash generated from/(used in) investing activities	-	12,700,424

CASH FLOWS FROM FINANCING ACTIVITIES

Fixed deposit pledged to licences bank	(1,000)	(400,718)
Bank account pledged for Sukuk Wakalah	(91,000)	(14,526,000)
Withdrawal of fixed deposit	-	556,637
Drawdown of loan	4,200,000	-
Advances from directors	-	-
Purchase of treasury shares	(40,288)	(600)
Repayment of hire purchase payables	(2,180)	(31,378)
Repayment of lease liabilities	(778,340)	(159,816)
Repayment of borrowings	(1,270)	(576,597)
Net cash generated from/(used in) financing activities	3,285,921	(15,138,472)

Net increase/(decrease) in cash and cash equivalents (5,198,214) (2,838,920)

Effect of foreign exchange rate change (100,866) -

Opening balance of cash and cash equivalents 13,198,308 3,462,329

Closing balance of cash and cash equivalents **7,899,228** **623,409**

Cash and cash equivalents

Fixed deposits with licensed bank	1,853,141	15,681,148
Cash and bank balances	9,090,117	1,618,387
Overdraft	-	(994,978)
	10,943,258	16,304,557
Less: Deposits held as security	(1,853,030)	(1,155,148)
Less: Bank accounts pledged for Sukuk Wakalah	(1,191,000)	(14,526,000)
Closing balance of cash and cash equivalents	7,899,228	623,409

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 2019.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2020****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 2019. 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 2019.

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 2019 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 2020 as disclosed below: -

- Revised Conceptual Framework for Financial Reporting
- Amendments to MFRS 3 Business Combinations
- Amendments to MFRS 16 Leases
- Amendments to MFRS 11 Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 101 and MFRS 108 Definition of Material

- Amendments to MFRS 7, MFRS 9 and MFRS 139 Interest Rate Benchmark Reform
- Amendments to MFRS 128 Investment in Associates and Joint Ventures - Long term interests in Associates and Joint Ventures
- Annual Improvements to MFRS Standards 2018-2020

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:

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 applicable standards, when they become effective.

- Amendments to MFRS 116 – Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 101 - Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Cost of Fulfilling a Contract
- 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 2019 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 590,000 of its issued shares from the open market at average price RM0.68 per share. The repurchase transactions were financed from internally generated funds. The shares repurchased are being held as treasury shares.

The detailed movements of the issued and paid up capital and share premium reserved for the Company for the current quarter under review are as follows:-

	No. of shares Issued and fully paid up ordinary shares of RM0.10 '000	Share Capital RM '000
As at 1 January 2020	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 31 MARCH 2020	407,047	84,504

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
3 Months Ended 31 MARCH 2020						
Revenue						
External customers	18,286	-	6,266	-	-	24,552
Inter-company sales	-	-	344	-	(344)	-
Dividend income	-	-	-	-	-	-
	18,286	-	6,609	-	(344)	24,552

Results:

Included in the measure of segment (loss) / profit

Interest income	2	-	0	-	-	2
Interest expenses						
- Borrowings	(439)	-	-	-	-	(439)
- Right-of-use assets	(2,764)	-	(17)	(2,688)	-	(5,468)
Depreciation & Amortisation						
- Properties and equipment	(2,131)	-	(132)	(5)	-	(2,268)
- Right-of-use assets	1,443	-	(94)	(1,925)	-	(576)
Amortisation	(56)	-	-	-	-	(56)
Other non cash income	(3,589)	-	5	3,525	-	(60)
Profit/(Loss) before tax	(14,087)	-	1,268	320	-	(12,500)
Income tax expense	606	-	2	-	-	608
Segment profit/(loss)	(13,481)	-	1,270	320	-	(11,892)

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

	(10,143)	-	1,511	4,938	-	(3,694)
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(b) Analysis of segmental in financial position

	Education RM'000	Training RM'000	Technology RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets						
Segments assets	238,510	-	33,064	372,298	(97,593)	546,280
Deferred tax assets	6,332	-	155	-	-	6,486
Tax recoverable	468	-	5	-	-	474
Total assets	245,310	-	33,225	372,298	(97,593)	553,240

Liabilities

Segmental liabilities	183,876	-	11,666	247,636	(99,976)	343,201
Deferred tax liabilities	27,841	-	-	8	-	27,849
Tax payables	81	-	-	62	-	143
Total liabilities	211,798	-	11,666	247,706	(99,976)	371,193

(c) Analysis by geographical areas

Revenue	3-months ended 31 MARCH 2020			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Total Operations RM'000
External sales	24,274	278	-	24,552
Inter-segment	-	344	(344)	-
Total	24,274	622	(344)	24,552

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 31 March 2020 up to the date of this report except for the following :-

- a) 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"). On 18 February 2020, the Company announced the completion of the Proposed Disposal, SMR HRG ceased to be a wholly-owned subsidiary of the Company.
- b) On 9 January 2020, the Company announced the following :-
 - i) disposal of its entire equity interest of 2 ordinary shares in SMR Management Sdn. Bhd., a wholly-owned subsidiary of the Company, for a total cash consideration of RM2;
 - ii) disposal of its entire equity interest of 750,000 ordinary shares in Management Made Easy Sdn. Bhd., a wholly-owned subsidiary of the Company, for a total cash consideration of RM2;
 - iii) disposal of its entire equity interest of 1,000,000 ordinary shares in SMR HR Technologies Sdn. Bhd., a wholly-owned subsidiary of the Company, for a total cash consideration of RM2;

A12 Contingent Liabilities or Contingent Assets

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

As at 31 MARCH 2020
RM'000

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 2019.

A13 Capital Commitments

There were no capital commitments for the current quarter under review.

B1 Review of Performance**Financial review for current quarter and financial year-to-date**

	Individual Period			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Variance	Current Year Period	Preceding Year Corresponding Period	Variance
	31 MARCH 2020 RM'000	31 MARCH 2019 RM'000		31 MARCH 2020 RM'000	31 MARCH 2019 RM'000	
Revenue	24,552	40,365	-39%	24,552	40,365	-39%
Operating Profit	(6,594)	1,934	-441%	(6,594)	1,934	-441%
Profit/(Loss) Before Interest and Tax	(6,594)	1,934	-441%	(6,594)	1,934	-441%
Profit/(Loss) Before Tax	(12,500)	(4,682)	167%	(12,500)	(4,682)	167%
Profit/(Loss) After Tax	(11,892)	(3,726)	219%	(11,892)	(3,726)	219%
Loss Attributable to Ordinary Equity Holders of the Parent	(7,642)	(4,265)	79%	(7,642)	(4,265)	79%

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

The Group recorded a decreased in revenue by approximately 39% for the current quarter under review as compared to the preceding year's corresponding quarter (Q1' 2019) ("corresponding quarter"), mainly resulted from softening in overall economic climate in the country as well as the sudden cease in operations upon declaration of Movement Control Order ("MCO") by Prime Minister with effective from 18 March 2020.

The Group registered a loss before tax of RM12.50 million in the current quarter as compared to RM4.68 million in the preceding year corresponding quarter, mainly resulted from lower business activities as explained above.

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
	31 MARCH 2020	31 DECEMBER 2019	
	RM'000	RM'000	
Revenue	24,552	46,060	53%
Operating Profit	(6,594)	(26,063)	25%
Profit/(Loss) Before Interest and Tax	(6,594)	(26,063)	25%
Profit/(Loss) Before Tax	(12,500)	(29,511)	42%
Profit/(Loss) After Tax	(11,892)	(26,463)	45%
Loss Attributable to Ordinary Equity Holders of the Parent	(7,642)	(20,921)	37%

The Group recorded a revenue and loss before tax of RM24.55 million and RM12.50 million respectively in the current quarter as compared to RM46.06 million and RM29.51 million in the immediate preceding quarter, mainly resulted from reduced in revenue from both education and technology segment for the current quarter. The profitability for the period ended 31 March 2020 has improved due to the one off impact from impairment of goodwill amounted to RM15mil from the preceding quarter under review.

B3 Prospects for the Current Financial Year

In relation to our industry, this COVID-19 pandemic do has severe impact on certain operation pattern of our businesses.

Our education group, namely Minda Global Berhad, owns and operates 2 universities, 3 colleges and 1 international school. The lockdown announcements by various countries worldwide has defers the movement of local and foreign students worldwide. Up to the date of this report, our education arms has respectively deferred their new intakes for year 2020, pending instructions and announcement by the relevant educational authorities, such as Ministry of higher learning, from time to time. Despite our educational teams are converting their teaching pattern into on-line learning whichever best options available, the Group however, foresees that its performance will be materially affected by the Covid-19 pandemic which has caused by both economic slowdown in Malaysia and globally as well as lockdown of international borders.

Whereas for our HCM and IT divisions, the implementation of existing contracts in hand has been delayed due to the national lockdown. Nevertheless, for certain existing on-line related services are operating without major impact. Our group foresee a temporary softening in the progress and performance of HCM and IT divisions however we expect our IT related operations shall be back on mark gradually within the next 6 months, subject to further instruction from government on MCO policies and our customers' revised timing on delivery of existing contracts.

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	
	31 MARCH 2020 RM'000	31 MARCH 2019 RM'000	31 MARCH 2020 RM'000	31 MARCH 2019 RM'000
Income tax				
Current	31	65	31	65
Under/(Over) provision of tax in prior year	-	-	-	-
Deferred tax	(639)	(1,021)	(639)	(1,021)
	(608)	(956)	(608)	(956)

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	
	31 MARCH 2020 RM'000	31 MARCH 2019 RM'000
<u>Secured short-term</u>		
Overdraft	-	995
Hire purchase payables	2	106
Lease assets payables	13,137	1,194
Term Loan	16,537	1,578
Shares Margin Loan	2,000	2,000
<u>Secured long-term</u>		
Hire purchase payables	863	421
Lease assets payables	214,125	275,483
Term Loan	4,200	27,345
Total borrowings	250,864	309,122

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	
	31 MARCH 2020 RM'000	31 MARCH 2019 RM'000	31 MARCH 2020 RM'000	31 MARCH 2019 RM'000
Earnings attributable to ordinary equity holders of the parent	(7,642)	(4,265)	(7,642)	(4,265)
Weighted average number of ordinary shares in issue				
As at 1 January 2020	407,047	407,047	407,047	407,047
Add: Effect of issuance of shares	-	-	-	-
Add: Effect of conversion of warrants	-	-	-	-
Less: Effect of treasury shares held	126	-	126	-
As at 31 March 2020	407,173	407,047	407,173	407,047
Basic earnings per ordinary shares (sen)	(1.88)	(1.05)	(1.88)	(1.05)

(b) Fully diluted earnings per share

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

	Current Quarter Ended		Cumulative Year To Date	
	31 MARCH 2020	31 MARCH 2019	31 MARCH 2020	31 MARCH 2019
Earnings attributable to ordinary equity holders of the parent	(7,642)	(4,265)	(7,642)	(4,265)
Weighted average no. of ordinary shares in issue	407,173	407,047	407,173	407,047
Adjusted weighted average number of ordinary shares in issue and issuable	407,173	407,047	407,173	407,047
Diluted earnings per shares (sen)	(1.88)	(1.05)	(1.88)	(1.05)

* 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	
	31 MARCH 2020	31 MARCH 2019	31 MARCH 2020	31 MARCH 2019
	RM'000	RM'000	RM'000	RM'000
Operating profit has been arrived at after charging:-				
Amortisation of intangible assets	56	56	56	56
Depreciation of property, plant and equipment	2,268	2,768	2,268	2,768
Depreciation of Right-of-use assets	576	3,253	576	3,253
Expected credit losses	-	(383)	-	(383)
Interest expense on borrowings	439	6,624	439	6,624
Interest expense on Right-of use assets	5,468	-	5,468	-
Loss on disposal of subsidiary	87	-	87	-
Realised loss on foreign exchange	5	10	5	10
After crediting:-				
Gain on disposal of property, plant and equipment	30	1,250	30	1,250
Interest Income	2	8	2	8
Rental Income	735	696	735	696
Realised (loss)/gain on foreign exchange	(8)	125	(8)	125
Unrealised gain on foreign exchange	50	11	50	11

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