

**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER
ENDED 30 JUNE 2020**
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(THE FIGURES HAVE NOT BEEN AUDITED)

Note	INDIVIDUAL QUARTER 3-MONTH PERIOD ENDED		CUMULATIVE QUARTERS 6-MONTH PERIOD ENDED	
	30 JUNE 2020	30 JUNE 2019	30 JUNE 2020	30 JUNE 2019
	RM	RM	Unaudited RM	Unaudited RM
Revenue	30,211,087	30,036,528	54,763,098	70,401,452
Cost of sales	(12,489,173)	(13,167,489)	(29,442,866)	(34,533,283)
Gross Profit	17,721,914	16,869,039	25,320,232	35,868,169
Other income	1,257,169	1,360,269	2,049,488	3,445,884
Administrative expenses	(19,418,186)	(19,944,812)	(34,402,895)	(39,095,883)
Profit / (Loss) from operations	(439,103)	(1,715,504)	(7,033,175)	218,170
Share of results of associate	-	-	-	-
Profit / (Loss) before interest and tax	(439,103)	(1,715,504)	(7,033,175)	218,170
Interest Expenses	(4,739,833)	(6,788,184)	(10,647,284)	(13,412,064)
Interest Income	5,194	4,219	6,995	12,227
Profit / (Loss) before taxation	(5,173,741)	(8,499,469)	(17,673,464)	(13,181,667)
Taxation	344,801	1,052,388	952,789	2,008,431
Profit / (Loss) for the period	(4,828,941)	(7,447,081)	(16,720,675)	(11,173,236)
Profit / (Loss) attributable to:				
Owners of the Company	(3,444,042)	(6,311,233)	(11,085,710)	(10,576,385)
Non-controlling interests	(1,384,898)	(1,135,848)	(5,634,965)	(596,851)
	(4,828,941)	(7,447,081)	(16,720,675)	(11,173,236)

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

- Basic (sen)	B9	(0.85)	(1.55)	(2.72)	(2.60)
- Diluted (sen)	B9	(0.85)	(1.55)	(2.72)	(2.60)

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 SECOND QUARTER
 ENDED 30 JUNE 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	
	30 JUNE 2020	30 JUNE 2019	30 JUNE 2020	30 JUNE 2019
	RM	RM	Unaudited RM	Audited RM
(Loss)/Profit for the period	(4,828,941)	(7,447,081)	(16,720,675)	(11,173,236)
OTHER COMPREHENSIVE INCOME				
Exchange difference arising on translation of foreign operations	102,798	(10,385)	(15,870)	(6,558)
Amortisation of revaluation reserve	-	(7,491)	-	(14,981)
Other comprehensive (loss)/income, net of tax	102,798	(17,876)	(15,870)	(21,539)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(4,726,143)	(7,464,957)	(16,736,545)	(11,194,775)
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(3,341,244)	(6,329,109)	(11,101,580)	(10,597,924)
Non-controlling interests	(1,384,898)	(1,135,848)	(5,634,965)	(596,851)
	(4,726,143)	(7,464,957)	(16,736,545)	(11,194,775)

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**QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER
 ENDED 30 JUNE 2020**
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Unaudited</i> 30 JUNE 2020	<i>Audited</i> 31 DECEMBER 2019
	RM	RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant & equipment	77,346,220	80,368,453
Right-of-use assets	221,048,279	228,426,834
Investment in associate	48,642	48,642
Goodwill on consolidation	34,493,752	34,493,752
Intangible assets	93,970,022	94,084,668
Deferred tax assets	6,854,647	5,830,873
	<u>433,761,562</u>	<u>443,253,222</u>
CURRENT ASSETS		
Inventories	3,006,248	1,378,471
Trade and other receivables	56,106,526	42,356,230
Contract costs	3,141,729	3,316,035
Current tax assets	473,540	519,992
Deposits placed with licensed banks	1,466,030	2,313,965
Cash and bank balances	14,521,437	14,728,024
	<u>78,715,510</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	552,860,978	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	(39,050)	(23,179)
Statutory reserve	-	-
Retained earnings	18,636,656	29,722,365
	<u>102,807,387</u>	<u>113,949,254</u>
Non-controlling interests	74,513,170	80,061,384
TOTAL EQUITY	177,320,557	194,010,638
NON-CURRENT LIABILITIES		
Loans and borrowings	27,030,997	565,067
Lease liabilities	212,412,899	220,078,296
Deferred tax liabilities	27,848,663	27,848,663
	<u>267,292,559</u>	<u>248,492,027</u>
CURRENT LIABILITIES		
Trade and other payables	70,923,019	61,951,031
Amount due to directors	3,518,059	7,002,500
Loans and borrowings	2,005,092	18,680,712
Overdraft	-	429,494
Lease liabilities	13,056,897	7,682,807
Contract liabilities	18,597,928	10,021,238
Tax payables	146,868	189,790
	<u>108,247,862</u>	<u>105,957,573</u>
TOTAL LIABILITIES	375,540,421	354,449,599
TOTAL EQUITY AND LIABILITIES	552,860,978	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)	25.3	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 SECOND QUARTER
 ENDED 30 JUNE 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 30 JUNE 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	-	-	-	-	-	-	(11,085,710)	(11,085,710)	(5,634,965)	(16,720,675)
Other Comprehensive income for the period	-	-	-	(15,870)	-	-	-	(15,870)	-	(15,870)
Total comprehensive income the period	-	-	-	(15,870)	-	-	(11,085,710)	(11,101,580)	(5,634,965)	(16,736,545)
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 30 JUNE 2020	84,504,033	(294,252)	-	(39,050)	-	-	18,636,656	102,807,387	74,513,170	177,320,557
Corresponding period ended 30 JUNE 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	-	-	-	-	-	-	(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 income the period	-	-	-	(6,558)	(14,981)	-	(10,561,404)	(10,582,943)	(596,851)	(11,179,794)
Transaction with owners										
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)
Total transactions with owners	-	(600)	-	-	-	-	-	(600)	(1,142,330)	(1,142,930)
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

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 SECOND QUARTER
ENDED 30 JUNE 2020**

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

	CURRENT PERIOD ENDED 30 JUNE 2020	CORRESPONDING PERIOD ENDED 30 JUNE 2019
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(17,673,464)	(13,181,667)
Adjustments for:		
Amortisation of intangible assets	111,992	112,434
Depreciation of Property and equipment	4,533,674	5,534,734
Depreciation of Right-of-use assets	7,729,999	6,709,125
Reversal of trade receivables	-	(496,098)
Interest income	(7,256)	(12,227)
Interest expense	10,647,498	13,412,064
Loss/(gain) on disposal of property, plant and equipment	(17,073)	(82,564)
Loss/(gain) on disposal of investment in subsidiary	79,987	-
Loss/(gain) on disposal of assets held for sale	-	(1,737,557)
Bad debts Written off	44,834	-
Provision for doubtful debts	-	340,632
Unrealised foreign exchange (gain)/loss	-	(10,608)
Operating profit /(loss) before working capital changes	5,450,192	10,588,268
Changes in working capital		
Inventories	(1,627,777)	2,828,135
Receivables	7,266,332	(5,829,176)
Contract cost	174,000	(416,932)
Payables	(9,639,854)	3,282,258
Lease liabilities	(1,098,159)	-
Contract liabilities	3,056,932	(63,604)
Cash (used in)/generated from operations	3,581,666	10,388,949
Tax paid	-	(11,416)
Tax refunded	-	18,374
Interest expense	(8,894,156)	(10,479,509)
Interest received	7,256	12,227
Net cash generated from/(used in) operating activities	(5,305,234)	(71,375)

CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,810,998)	(4,395,677)
Acquisition of Intangible Asset	-	(53,093)
Proceeds from disposal of assets held for sale	-	17,416,000
Proceeds from disposal of property, plant & equipment	-	13,057
Net cash inflows / (outflows) on investment in subsidiaries	-	(168,172)
Net cash generated from/(used in) investing activities	(1,810,998)	12,812,115
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposit pledged to licences bank	(4,000)	(403,680)
Net deposit pledged for Sukuk Wakalah	1,100,000	(13,224,879)
Net deposit pledged for term loan	(3,498,000)	-
Withdrawal of fixed deposit	-	556,637
Drawdown of loan	26,234,000	-
Advances from directors	160,000	-
Purchase of treasury shares	(40,288)	(600)
Repayment of hire purchase payables	(4,099)	(65,763)
Repayment of lease liabilities	(2,799,496)	(438,471)
Repayment of borrowings	(5,563)	(1,165,696)
Repayment to Sukuk Wakalah	(16,573,000)	-
Net cash generated from/(used in) financing activities	4,569,554	(14,742,452)
Net increase/(decrease) in cash and cash equivalents	(2,546,678)	(2,001,712)
Effect of foreign exchange rate change	(18,652)	(179)
Opening balance of cash and cash equivalents	13,198,308	3,659,329
Closing balance of cash and cash equivalents	10,632,978	1,657,438
Cash and cash equivalents		
Fixed deposits with licensed bank	1,856,502	14,382,989
Cash and bank balances	14,130,978	2,546,554
Overdraft	-	(889,116)
	15,987,480	16,040,427
Less: Deposits held as security	(1,856,502)	143,011
Less: Bank accounts pledged for Sukuk Wakalah	(3,498,000)	(14,526,000)
Closing balance of cash and cash equivalents	10,632,978	1,657,438

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 SECOND QUARTER ENDED 30 JUNE 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.

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 30 JUNE 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	Technology RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
3 Months Ended					
30 JUNE 2020					
Revenue					
External customers	20,854	9,357	-	-	30,211
Inter-company sales	-	192	-	(192)	-
Dividend income	-	-	-	-	-
	<u>20,854</u>	<u>9,549</u>	<u>-</u>	<u>(192)</u>	<u>30,211</u>

Results:

Included in the measure of segment (loss) / profit

Interest income	5	0	-	-	5
Interest expenses					
'- Borrowings	(434)	-	-	-	(434)
- Right-of-use assets	(1,612)	(15)	(2,679)	-	(4,306)
Depreciation & Amortisation					
- Properties and equipment	(2,139)	(123)	(4)	-	(2,266)
- Right-of-use assets	(5,141)	(87)	(1,925)	-	(7,154)
Amortisation	(56)	-	-	-	(56)
Other non cash income	-	(56)	(7)	-	(63)
Profit/(Loss) before tax	<u>(3,566)</u>	<u>2,448</u>	<u>(4,056)</u>	<u>-</u>	<u>(5,174)</u>
Income tax expense	343	1	-	-	345
Segment profit/(loss)	<u>(3,222)</u>	<u>2,449</u>	<u>(4,056)</u>	<u>-</u>	<u>(4,829)</u>

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

5,811 2,673 552 - 9,036

	Education RM'000	Technology RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
6 Months Ended					
30 JUNE 2020					
Revenue					
External customers	39,140	15,623	-	-	54,763
Inter-company sales	-	535	-	(535)	-
Dividend income	-	-	-	-	-
	<u>39,140</u>	<u>16,158</u>	<u>-</u>	<u>(535)</u>	<u>54,763</u>

Results:

Included in the measure of segment (loss) / profit

Interest income	7	0	-	-	7
Interest expenses					
'- Borrowings	(873)	-	-	-	(873)
- Right-of-use assets	(4,376)	(32)	(5,367)	-	(9,775)
Depreciation of:					
- Properties and equipment	(4,270)	(255)	(9)	-	(4,534)
- Right-of-use assets	(3,698)	(181)	(3,851)	-	(7,730)
Amortisation	(112)	-	-	-	(112)
Other non cash income	(3,589)	(51)	3,518	-	(122)
Share of results of associate	-	-	-	-	-
Profit before tax	<u>(17,653)</u>	<u>3,716</u>	<u>(3,736)</u>	<u>-</u>	<u>(17,673)</u>
Income tax expense	950	3	-	-	953
Segment profit/(loss)	<u>(16,703)</u>	<u>3,719</u>	<u>(3,736)</u>	<u>-</u>	<u>(16,721)</u>

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

(4,331) 4,183 5,490 - 5,342

(b) Analysis of segmental in financial position

	Education RM'000	Technology RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets					
Segments assets	239,892	35,338	350,113	(79,811)	545,533
Deferred tax assets	6,678	177	-	-	6,855
Tax recoverable	468	5	-	-	474
Total assets	247,038	35,521	350,113	(79,811)	552,861
Liabilities					
Segmental liabilities	188,822	11,484	229,093	(81,855)	347,545
Deferred tax liabilities	27,841	-	8	-	27,849
Tax payables	85	-	62	-	147
Total liabilities	216,748	11,484	229,163	(81,855)	375,540

(c) Analysis by geographical areas

	3-months ended 30 JUNE 2020			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Conso- lidated RM'000
Revenue				
External sales	29,970	241	-	30,211
Inter-segment	-	192	(192)	-
Total	29,970	432	(192)	30,211
	6-months ended 30 JUNE 2020			
	Malaysia RM'000	Overseas RM'000	Elimi- nations RM'000	Total Operations RM'000
Revenue				
External sales	54,244	519	-	54,763
Inter-segment	-	535	(535)	-
Total	54,244	1,054	(535)	54,763

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 except for the following: -

On 14 July 2020, The Company announced that its subsidiary Talentoz Sdn Bhd had entered into an Asset Purchase Agreement ("APA") with Pay Asia Pte Ltd ("PayAsia") and PayMy Outsourcing Sdn Bhd ("PayMy") (collectively referred to as "Buyer(s)") for the proposed disposal of the entire businesses of TSB ("TSB Business") for a consideration of Singapore Dollars One Million Six Hundred Twenty Five Thousand (S\$1,625,000.00) Only ("Sale Consideration") ("Proposed Disposal"). The TSB Business comprises rights on unregistered Intellectual property of software ("Talentoz"), moveable assets, existing contracts, and employees.

This APA is executed simultaneously with the APA entered into between Forzia Tech Pte Ltd ("Forzia"), a subsidiary of TSB and Pay Asia Management Pte Ltd ("PayAsiaM") for the proposed disposal of the entire business in Forzia ("Forzia Business"), for a consideration of Singapore Dollar Twenty Five Thousand Only (S\$25,000.00).

Upon completion of the Proposed Disposal, TSB and Forzia shall cease its business operations.

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 2020 up to the date of this report.

A12 Contingent Liabilities or Contingent Assets

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

As at 30 JUNE 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
	30 JUNE 2020 RM'000	30 JUNE 2019 RM'000		30 JUNE 2020 RM'000	30 JUNE 2019 RM'000	
Revenue	30,211	30,037	1%	54,763	70,401	-22%
Operating Profit	(439)	(1,716)	-74%	(7,033)	218	-3324%
Profit /(Loss) Before Interest and Tax	(439)	(1,716)	-74%	(7,033)	218	-3324%
Profit / (Loss) Before Tax	(5,174)	(8,499)	-39%	(17,673)	(13,182)	34%
Profit /(Loss) After Tax	(4,829)	(7,447)	-35%	(16,721)	(11,173)	50%
Loss Attributable to Ordinary Equity Holders of the Parent	(3,444)	(6,311)	-45%	(11,086)	(10,576)	5%

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

The Group recorded an marginal increase in revenue by approximately 1% for the current quarter under review as compared to the preceding year's corresponding quarter (Q2' 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.

Nevertheless, The Group registered a lower loss before tax of RM5.17 million in the current quarter as compared to RM8.50 million in the preceding year corresponding quarter, mainly resulted from cost rationalisation exercises conducted during the period under review.

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

The Group recorded a decreased in revenue by 22% for the current period under review as compared to the preceding year's corresponding period. This is mainly due to the sudden cease in operations upon declaration of Movement Control Order ("MCO") by Prime Minister with effective from 18 March 2020.

The Group recorded a loss before tax of RM17.67 million in the current period as compared to a RM13.18 million in the previous corresponding period. The variances are mainly due to Covid-19 pandemic which affected the performance in the Group.

B2 Material Change in Profit Before Tax for the Current Quarter as Compared with the Immediate Preceding Quarter**Financial review for current quarter compared with immediate preceding quarter**

	Current Year Quarter 30 JUNE 2020 RM'000	Immediate Preceding Quarter 31 MARCH 2020 RM'000	Variance
Revenue	30,211	24,552	123%
Operating Profit	(439)	(6,594)	7%
Profit /(Loss) Before Interest and Tax	(439)	(6,594)	7%
Profit /(Loss) Before Tax	(5,174)	(12,500)	41%
Profit /(Loss) After Tax	(4,829)	(11,892)	41%
Loss Attributable to Ordinary Equity Holders of the Parent	(3,444)	(7,642)	45%

The Group recorded a revenue and loss before tax of RM30.21 million and RM5.17 million respectively in the current quarter as compared to RM24.55 million and RM12.50 million in the immediate preceding quarter, mainly resulted from increased in revenue from technology segment for the quarter under reviewed. Nevertheless, the profitability for the period ended 30 June 2020 has improved due to higher profit contribution from IOT technology segments as well as cost rationalisation exercises conducted during the period.

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	
	30 JUNE 2020 RM'000	30 JUNE 2019 RM'000	30 JUNE 2020 RM'000	30 JUNE 2019 RM'000
Income tax				
Current	4	5	35	70
Under/(Over) provision of tax in prior year	-	(3)	-	(3)
Deferred tax	(348)	(1,054)	(987)	(2,075)
	(345)	(1,052)	(953)	(2,008)

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:-

On 14 July 2020, The Company announced that its subsidiary Talentoz Sdn Bhd had entered into an Asset Purchase Agreement ("APA") with Pay Asia Pte Ltd ("PayAsia") and PayMy Outsourcing Sdn Bhd ("PayMy") (collectively referred to as "Buyer(s)") for the proposed disposal of the entire businesses of TSB ("TSB Business") for a consideration of Singapore Dollars One Million Six Hundred Twenty Five Thousand (S\$1,625,000.00) Only ("Sale Consideration") ("Proposed Disposal"). The TSB Business comprises rights on unregistered Intellectual property of software ("Talentoz"), moveable assets, existing contracts, and employees.

This APA is executed simultaneously with the APA entered into between Forzia Tech Pte Ltd ("Forzia"), a subsidiary of TSB and Pay Asia Management Pte Ltd ("PayAsiaM") for the proposed disposal of the entire business in Forzia ("Forzia Business"), for a consideration of Singapore Dollar Twenty Five Thousand Only (S\$25,000.00).

Upon completion of the Proposed Disposal, TSB and Forzia shall cease it's business operations.

B7 Group Borrowings

	Cumulative Year To Date	
	30 JUNE 2020 RM'000	30 JUNE 2019 RM'000
<u>Secured short -term</u>		
Overdraft	-	889
Hire purchase payables	-	91
Lease assets payables	13,057	1,182
Term Loan	5	985
Shares Margin Loan	2,000	2,000
<u>Secured long -term</u>		
Hire purchase payables	795	401
Lease assets payables	212,413	276,435
Term Loan	26,236	27,390
Total borrowings	254,506	309,373

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 JUNE 2020	30 JUNE 2019	30 JUNE 2020	30 JUNE 2019
	RM'000	RM'000	RM'000	RM'000
Earnings attributable to ordinary equity holders of the parent	(3,444)	(6,311)	(11,086)	(10,576)
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	-	-	(185)	(1)
As at 30 June 2020	407,047	407,047	406,862	407,046
Basic earnings per ordinary shares (sen)	(0.85)	(1.55)	(2.72)	(2.60)

(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 JUNE 2020	30 JUNE 2019	30 JUNE 2020	30 JUNE 2019
	RM'000	RM'000	RM'000	RM'000
Earnings attributable to ordinary equity holders of the parent	(3,444)	(6,311)	(11,086)	(10,576)
Weighted average no. of ordinary shares in issue	407,047	407,047	406,862	407,046
Adjusted weighted average number of ordinary shares in issue and issuable	407,047	407,047	406,862	407,046
Diluted earnings per shares (sen)	(0.85)	(1.55)	(2.72)	(2.60)

* 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 JUNE 2020	30 JUNE 2019	30 JUNE 2020	30 JUNE 2019
	RM'000	RM'000	RM'000	RM'000
Operating profit has been arrived at after charging:-				
Amortisation of intangible assets	56	56	112	112
Depreciation of property, plant and equipment	2,266	2,767	4,534	5,535
Depreciation of Right-of-use assets	7,154	3,457	7,730	6,709
Expected credit losses	-	(113)	-	(496)
Interest expense on borrowings	434	694	873	1,426
Interest expense on Right-of use assets	4,306	6,094	9,775	11,986
Loss on disposal of subsidiary	-	-	87	-
Realised loss on foreign exchange	5	12	10	22
After crediting:-				
Gain on disposal of property, plant and equipment	-	570	30	1,820
Interest Income	5	4	7	12
Rental Income	629	754	1,364	1,450
Realised (loss)/gain on foreign exchange	(41)	23	(49)	148
Unrealised gain on foreign exchange	(50)	-	-	11

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