

Company No: 250325-T

**APPENDIX III - UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF JM
EDUCATION GROUP FOR THE 7-MONTH PERIOD ENDED 31 JULY 2016 AND 31 JULY 2017**

JM EDUCATION GROUP BERHAD

(Formerly known as JM Education Counselling Centre Sdn.Bhd.)

(Incorporated in Malaysia)

Company No: 250325 - T

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	
	1.1.2017 to 31.7.2017 RM	1.1.2016 to 31.7.2016 RM
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	5,640,223	5,681,565
Goodwill	2,285,070	2,391,360
	<u>7,925,293</u>	<u>8,072,925</u>
CURRENT ASSETS		
Trade receivables	2,138,928	884,803
Other receivables, deposits and prepayments	479,632	1,204,569
Current tax assets	85,306	132,387
Cash and bank balances	192,107	136,548
	<u>2,895,973</u>	<u>2,358,307</u>
Asset held for sale	-	45
	<u>2,895,973</u>	<u>2,358,352</u>
TOTAL ASSETS	<u>10,821,266</u>	<u>10,431,277</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	200,000	200,000
Retained profits	7,613,043	5,065,779
	<u>7,813,043</u>	<u>5,265,779</u>
Equity attributable to owners of the Company	7,813,043	5,265,779
Non-controlling interests	(196)	15,238
	<u>7,812,847</u>	<u>5,281,017</u>
TOTAL EQUITY	<u>7,812,847</u>	<u>5,281,017</u>
NON-CURRENT LIABILITIES		
Hire purchase payables	38,757	152,849
Term loans	1,060,365	-
Deferred tax liabilities	95,579	63,199
	<u>1,194,701</u>	<u>216,048</u>

JM EDUCATION GROUP BERHAD

(Formerly known as JM Education Counselling Centre Sdn.Bhd.)

(Incorporated in Malaysia)

Company No: 250325 - T

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	Unaudited	
	31.7.2017	31.7.2016
	RM	RM
EQUITY AND LIABILITIES (CONT'D)		
CURRENT LIABILITIES		
Trade payables	102,983	57,610
Other payables and accruals	246,758	119,759
Amount owing to a director	-	27,833
Hire purchase payables	57,177	347,459
Term loans	215,677	1,112,127
Bank overdrafts	-	2,016,887
Current tax liabilities	524,493	446,893
Deferred income	666,630	805,644
	<u>1,813,718</u>	<u>4,934,212</u>
TOTAL LIABILITIES	<u>3,008,419</u>	<u>5,150,260</u>
TOTAL EQUITY AND LIABILITIES	<u>10,821,266</u>	<u>10,431,277</u>

JM EDUCATION GROUP BERHAD

(Formerly known as JM Education Counselling Centre Sdn.Bhd.)

(Incorporated in Malaysia)

Company No: 250325 - T

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited	
	1.1.2017 to 31.7.2017 RM	1.1.2016 to 31.7.2016 RM
REVENUE	5,456,651	4,723,021
COST OF SALES	(822,540)	(382,831)
GROSS PROFIT	4,634,111	4,340,190
OTHER INCOME	108,635	6,780
	4,742,746	4,346,970
SELLING AND MARKETING EXPENSES	(580,125)	(579,872)
ADMINISTRATIVE EXPENSES	(2,596,568)	(2,365,695)
OTHER EXPENSES	(186,723)	(323,660)
FINANCE COSTS	(88,608)	(67,850)
PROFIT BEFORE TAXATION	1,290,722	1,009,893
INCOME TAX EXPENSE	(482,860)	(472,262)
PROFIT AFTER TAXATION	807,862	537,631
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	807,862	537,631
PROFIT AFTER TAXATION/ TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-		
- Owners of the Company	831,492	601,893
- Non-controlling interests	(23,630)	(64,262)
	807,862	537,631

JM EDUCATION GROUP BERHAD

(Formerly known as JM Education Counselling Centre Sdn.Bhd.)

(Incorporated in Malaysia)

Company No: 250325 - T

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM	Retained Profits RM	Attributable to Owners Of the Company Capital RM	Non- controlling Interests RM	Total Equity RM
The Group					
Balance at 1.1.2016	200,000	4,515,886	4,715,886	79,500	4,795,386
Profit after taxation/Total comprehensive income for the financial year	-	2,265,665	2,265,665	(4,066)	2,261,599
Distribution to owners of the Company:					
- Dividend:					
- by subsidiary to non- controlling interests	-	-	-	(52,000)	(52,000)
Balance at 31.12.2016/1.1.2017	200,000	6,781,551	6,981,551	23,434	7,004,985
Profit after taxation/Total comprehensive income for the financial year	-	831,492	831,492	(23,630)	807,862
Balance at 31.7.2017	200,000	7,613,043	7,813,043	(196)	7,812,847

JM EDUCATION GROUP BERHAD

(Formerly known as JM Education Counselling Centre Sdn.Bhd.)

(Incorporated in Malaysia)

Company No: 250325 - T

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	31.7.2017	31.7.2016
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,290,722	1,009,893
Adjustments for:-		
Depreciation of plant and equipment	194,770	250,485
Gain on disposal of property and equipment	(39,631)	-
Unrealised gain on foreign exchange	(30,364)	-
Interest expense	88,608	67,850
Interest income	(1,531)	-
	<hr/>	<hr/>
Operating profit before working capital changes	1,502,574	1,328,228
Decrease in trade and other receivables	137,095	872,461
Decrease in trade and other payables	(19,403)	(410,719)
Increase in deferred income	360,116	-
	<hr/>	<hr/>
CASH FROM OPERATIONS	1,980,382	1,789,970
Interest paid	(88,608)	(67,850)
Interest received	1,531	-
Income tax paid	(318,986)	(301,911)
Income tax refunded	73,375	62,060
	<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES	1,647,694	1,482,269

JM EDUCATION GROUP BERHAD

(Formerly known as JM Education Counselling Centre Sdn.Bhd.)

(Incorporated in Malaysia)

Company No: 250325 - T

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Unaudited	
	31.7.2017	31.7.2016
	RM	RM
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Purchase of asset held for sale	-	(45)
Purchase of property and equipment	(97,189)	(2,012,642)
Proceeds from disposal of property and equipment	390,912	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES	293,723	(2,012,687)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid to non-controlling interests	-	(52,000)
Repayment to directors	(1,408,160)	(48,938)
Repayment of hire purchase obligations	(347,876)	(80,759)
Repayment of term loans	(118,842)	(105,517)
NET CASH FOR FINANCING ACTIVITIES	(1,874,878)	(287,214)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	66,539	(817,632)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	125,568	(1,062,707)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	192,107	(1,880,339)

JM EDUCATION GROUP SDN. BHD.
 (Formerly known as JM Education Counselling Sdn. Bhd.)
 (Incorporated in Malaysia)
 Company No: 250325 - T

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

- 1.1 The unaudited interim financial statements of the JM Education Group Berhad ("JM Education" or "the Company") and its subsidiaries ("the Group") have been prepared in accordance with MFRS 134 - Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB"), paragraph 6.12 and Appendix 6A of the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this unaudited interim financial statements.

- 1.2 The accounting standards and/or interpretations adopted by the Group in this unaudited interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2016.

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on this unaudited interim financial statements.

- 1.3 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for this financial period:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018

JM EDUCATION GROUP SDN. BHD.
 (Formerly known as JM Education Counselling Sdn. Bhd.)
 (Incorporated in Malaysia)
 Company No: 250325 - T

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION (CONT'D)

1.3 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for this financial period:- (Cont'd)

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of the Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on this unaudited interim financial statements of the Group upon their initial application except as follow:-

- (a) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.

JM EDUCATION GROUP SDN. BHD.
(Formerly known as JM Education Counselling Sdn. Bhd.)
(Incorporated in Malaysia)
Company No: 250325 - T

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION (CONT'D)

1.3 The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on this unaudited interim financial statements of the Group upon their initial application except as follow:- (Cont'd)

(b) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

(c) The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

2. SEASONAL OR CYCLICAL FACTORS

The business operations of the Group are subject to the periods of student intakes and thus, could display cyclical trends. Please refer to Section 3.9 of the Information Memorandum for details of the Group's cyclical trend during the financial period under review.

3. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 July 2017.

4. CHANGES IN CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

There were no material changes in critical accounting estimates and judgements during the financial period ended 31 July 2017.

JM EDUCATION GROUP SDN. BHD.
(Formerly known as JM Education Counselling Sdn. Bhd.)
(Incorporated in Malaysia)
Company No: 250325 - T

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

5. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases or repayments of debt and equity securities during the financial period ended 31 July 2017.

6. DIVIDENDS PAID

There were no dividends paid during the current financial period ended 31 July 2017.

7. SEGMENTAL INFORMATION

7.1 Business Segments

The Group's business operations comprise the following segments:-

- (i) educational counselling and student placements; and
- (ii) provision of technical and vocational education and training ("TVET").

7.2 Geographical Information

The Group's revenue is based on the customers who are located in Australia, Malaysia, United Kingdom and others comprising Canada, Ireland, New Zealand, Singapore and United States America.

Please refer to Section 8.5 of the Information Memorandum for details of the Group's segmental information during the financial period ended 31 July 2017.

8. PROFIT BEFORE TAXATION

Included in the profit before taxation are the following items:-

	Unaudited	
	1.1.2017 to 31.7.2017	1.1.2017 to 31.7.2016
	RM	RM
Depreciation of plant and equipment	194,770	250,485
Gain on disposal of property and equipment	(39,631)	-
Unrealised gain on foreign exchange	(30,364)	-
Interest expense	88,608	67,850
Interest income	(1,531)	-
	<u>194,770</u>	<u>250,485</u>

JM EDUCATION GROUP SDN. BHD.
(Formerly known as JM Education Counselling Sdn. Bhd.)
(Incorporated in Malaysia)
Company No: 250325 - T

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

9. VALUATION OF PROPERTY AND EQUIPMENT

There was no valuation on property and equipment during the financial period ended 31 July 2017.

10. CAPITAL COMMITMENTS

There were no material capital commitments.

11. CONTINGENT ASSETS AND LIABILITIES

There were no material contingent assets and liabilities.

12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period ended 31 July 2017.

13. SIGNIFICANT EVENTS OCCURRING AFTER THE FINANCIAL PERIOD

(i) Proposed Share Split

On 9 November 2017, the Company has subdivided its shares of up to 2,000,000 ordinary shares on the basis of ten (10) shares for every one (1) existing JM Education share held.

(ii) Proposed Bonus Issue

On 13 November 2017, the Company has granted a bonus issue of up to 59,000,000 new ordinary shares on the basis of twenty nine and half (29.5) bonus shares for every one (1) existing JM Education share held by capitalising from the Company's retained profits.

(iii) Proposed Public Issue

On 7 December 2017, the Company has initiated a public issue of 6,800,000 new JM Education shares at the issue price of RM0.45 per share representing 10% of JM Education's enlarged issued and paid-up share capital, to be made available by private placement to sophisticated investors.

JM EDUCATION GROUP SDN. BHD.
(Formerly known as JM Education Counselling Sdn. Bhd.)
(Incorporated in Malaysia)
Company No: 250325 - T

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

14. REVIEW OF PERFORMANCE

During the financial period ended 31 July 2017, the Group's revenue is mainly derived from educational counselling and student placements and provision of TVET which is summarised as follows:-

	Unaudited	
	1.1.2017 to 31.7.2017 RM	1.1.2016 to 31.7.2016 RM
Educational counselling and student placements	4,757,751	3,838,673
Provision of TVET	698,900	884,348
	5,456,651	4,723,021

Please refer to Section 8.5 of the Information Memorandum for details of the review of the Group's performance.

15. COMMENTARY ON PROSPECT

The Group is positive towards its prospects with the future plans set out in Section 3.12.1 of the Information Memorandum. Please refer to Section 3.12.2 of the Information Memorandum for details of the commentary on the Group's prospect.