Company No: 250325-T

APPENDIX II – REPORTING ACCOUNTANT'S OPINION ON THE HISTORICAL FINANCIAL INFORMATION OF JM EDUCATION GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 AND 31 DECEMBER 2016

Crowe Horwath

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Date: 7 December 2017

The Board of Directors
JM Education Group Berhad
(Formerly known as JM Education Counselling Centre Sdn. Bhd.)
36, Jalan SS 15/8,
47500 Subang Jaya,
Selangor Darul Ehsan

Dear Sirs

REPORTING ACCOUNTANT'S OPINION ON THE HISTORICAL FINANCIAL INFORMATION OF JM EDUCATION GROUP BERHAD (the "Company") (Formerly known as JM Education Counselling Centre Sdn. Bhd.)

OPINION

We have audited the financial information of the Company and its subsidiaries (collectively known as "the Group") which comprises the consolidated statement of financial position as at 31 December 2015 and 2016 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for each of the financial years ended 31 December 2015 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies as set out in pages 5 to 56.

This historical financial information has been prepared for inclusion in the information memorandum of the Company in connection with the initial public offering and listing of and quotation for the entire enlarged share capital of the Company on the LEAP Market of Bursa Malaysia Securities Berhad. This report is required by the LEAP Market Listing Requirements issued by the Bursa Securities Malaysia Berhad (the "Listing Requirements") and shall not be relied for other purposes.

In our opinion, the financial information gives a true and fair view of the financial position of the Group as at 31 December 2015 and 2016 and of its financial performance and its cash flows for each of the financial years ended 31 December 2015 and 2016 in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.

REPORTING ACCOUNTANT'S OPINION ON THE HISTORICAL FINANCIAL INFORMATION OF JM EDUCATION GROUP BERHAD (the "Company") (Formerly known as JM Education Counselling Centre Sdn. Bhd.) **(CONT'D)**

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Reporting Accountant's Responsibilities for the Audit of the Financial Information section of our report.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and Company in accordance with the By-Laws *(on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Board for Accountants' *Code of Ethics for Professional body* ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The Directors of the Group are responsible for the preparation of the financial information of the Group that gives a true and fair view in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information of the Group, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

REPORTING ACCOUNTANT'S RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

REPORTING ACCOUNTANT'S OPINION ON THE HISTORICAL FINANCIAL INFORMATION OF JM EDUCATION GROUP BERHAD (the "Company") (Formerly known as JM Education Counselling Centre Sdn. Bhd.) **(CONT'D)**

REPORTING ACCOUNTANT'S RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial information of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

REPORTING ACCOUNTANT'S OPINION ON THE HISTORICAL FINANCIAL INFORMATION OF JM EDUCATION GROUP BERHAD (the "Company") (Formerly known as JM Education Counselling Centre Sdn. Bhd.) **(CONT'D)**

REPORTING ACCOUNTANT'S RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

OTHER MATTER

Our report has been prepared for inclusion in the information memorandum of the Company in connection with the listing of and quotation for the entire issued share capital of the Company on the LEAP Market of Bursa Securities. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Ung Voon Huay
Approval No: 03233/10/2018 J
Chartered Accountant

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31.12.2016 RM	31.12.2015 RM
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	6,089,085	3,919,408
Goodwill	6	2,285,070	2,391,360
		8,374,155	6,310,768
CURRENT ASSETS			
Trade receivables	7	2,280,594	2,669,267
Other receivables, deposits and prepayments	8	444,652	292,566
Current tax assets		72,763	-
Cash and bank balances		125,568	123,307
		2,923,577	3,085,140
Asset held for sale		45	-
		2,923,622	3,085,140
TOTAL ASSETS		11,297,777	9,395,908
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	200,000	200,000
Retained profits		6,781,551	4,515,886
Equity attributable to owners of the Company		6,981,551	4,715,886
Non-controlling interests		23,434	79,500
TOTAL EQUITY		7,004,985	4,795,386
NON-CURRENT LIABILITIES			
Hire purchase payables	10	307,829	451,957
Term loans	11	1,213,388	1,035,676
Deferred tax liabilities	12	95,579	63,199
		1,616,796	1,550,832

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	Note	31.12.2016 RM	31.12.2015 RM
EQUITY AND LIABILITIES (CONT'D)			
CURRENT LIABILITIES			
Trade payables	13	79,530	148,554
Other payables and accruals	14	289,614	439,534
Amount owing to a director	15	1,408,160	76,771
Hire purchase payables	10	135,981	129,110
Term loans	11	181,496	181,968
Bank overdrafts	16	-	1,186,014
Current tax liabilities		274,701	82,095
Deferred income	17	306,514	805,644
		2,675,996	3,049,690
TOTAL LIABILITIES		4,292,792	4,600,522
TOTAL EQUITY AND LIABILITIES		11,297,777	9,395,908

JM EDUCATION GROUP BERHAD
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Company No: 250325 - T

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2016 RM	2015 RM
REVENUE	18	9,961,605	9,466,832
COST OF SALES		(866,767)	(1,449,137)
GROSS PROFIT		9,094,838	8,017,695
OTHER INCOME		54,686	282,260
		9,149,524	8,299,955
SELLING AND MARKETING EXPENSES		(862,708)	(1,046,598)
ADMINISTRATIVE EXPENSES		(4,518,076)	(4,079,591)
OTHER EXPENSES		(570,738)	(416,041)
FINANCE COSTS		(126,812)	(165,613)
PROFIT BEFORE TAXATION	19	3,071,190	2,592,112
INCOME TAX EXPENSE	20	(809,591)	(701,662)
PROFIT AFTER TAXATION		2,261,599	1,890,450
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		2,261,599	1,890,450
PROFIT AFTER TAXATION/ TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-			
- Owners of the Company		2,265,665	1,865,237
- Non-controlling interests		(4,066)	25,213
		2,261,599	1,890,450

JM EDUCATION GROUP BERHAD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	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 1.1.2015		200,000	4,400,649	4,600,649	102,287	4,702,936
Profit after taxation/Total comprehensive income for the financial year		-	1,865,237	1,865,237	25,213	1,890,450
Distribution to owners of the Company:						
- Dividend:						
- by the Company	21	-	(1,750,000)	(1,750,000)	-	(1,750,000)
- by subsidiary to non-controlling interests		-	-	-	(48,000)	(48,000)
Balance at 31.12.2015/1.1.2016		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		200,000	6,781,551	6,981,551	23,434	7,004,985

JM EDUCATION GROUP BERHAD
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(Incorporated in Malaysia)
Company No: 250325 - T

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	**2016** RM	**2015** RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		3,071,190	2,592,112
Adjustments for:-			
Impairment loss :			
- goodwill		106,290	-
Depreciation of property and equipment		443,785	398,657
Gain on disposal of property and equipment		(13,250)	(146,999)
Unrealised gain on foreign exchange		(27,292)	-
Property and equipment written off		-	2
Interest expense		126,812	165,613
Interest income		(44)	-
Operating profit before working capital changes		3,707,491	3,009,385
Decrease in trade and other receivables		263,879	79,409
(Decrease)/Increase in trade and other payables		(301,039)	(27,958)
(Decrease)/Increase in deferred income		(499,130)	210,855
CASH FROM OPERATIONS		3,171,201	3,271,691
Interest paid		(126,812)	(165,613)
Interest received		44	-
Income tax paid		(637,333)	(637,827)
Income tax refunded		62,060	31,038
NET CASH FROM OPERATING ACTIVITIES		2,469,160	2,499,289

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Note	**2016** RM	**2015** RM
CASH FLOWS FOR INVESTING ACTIVITIES			
Purchase of asset held for sale		(45)	-
Purchase of property and equipment	22	(2,613,462)	(279,662)
Proceeds from disposal of property and equipment		13,250	147,000
NET CASH FOR INVESTING ACTIVITIES		(2,600,257)	(132,662)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES			
Dividends paid to owners of the Company		-	(1,750,000)
Dividends paid to non-controlling interests		(52,000)	(48,000)
Drawdown of term loan		364,000	-
Advances from directors		1,331,389	-
Repayment of hire purchase obligations		(137,257)	(85,332)
Repayment of term loans		(186,760)	(283,808)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		1,319,372	(2,167,140)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,188,275	199,487
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		(1,062,707)	(1,262,194)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	23	125,568	(1,062,707)

1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Suite 2, 4th floor, Wisma Teh Wan Sang, 12D Jalan Tun H S Lee, 50000 Kuala Lumpur
Principal place of Business	:	36, Jalan SS 15/8, 47500 Subang Jaya, Selangor Darul Ehsan

On 16 November 2017, the Company changed its name from JM Education Counselling Centre Sdn. Bhd. to JM Education Group Sdn. Bhd.

On 21 November 2017, the Company converted from a private limited company to a public company limited by shares and assumed its present name, JM Education Group Berhad to embark on the listing of and quotation for the entire enlarged share capital of the Company on the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of counselling career guidance and courses. The principal activities of the subsidiaries are disclosed as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Principal Activities	Percentage of Issued Share Capital Held by the Company 2016	2015
Direct Subsidiaries				
JM Education Counselling Centre (Sabah) Sdn. Bhd.	Malaysia	Education counselling	60%	60%
Education UK Network Sdn. Bhd.	Malaysia	Education counselling	100%	100%
Miraj Academy Sdn. Bhd.	Malaysia	Educational and training services	100%	100%

2. PRINCIPAL ACTIVITIES (CONT'D)

The Company is principally engaged in the business of counselling career guidance and courses. The principal activities of the subsidiaries are disclosed as follows:- (Cont'd)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Principal Activities	Percentage of Issued Share Capital Held by the Company 2016	2015
<u>Associate</u>				
Konsortium Kemahiran Permata Selatan Sdn.Bhd.#	Malaysia	Dormant	50%	50%

 # Application to strike off has been submitted to Companies of Commission of Malaysia

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

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

3. BASIS OF PREPARATION (CONT'D)

3.2 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 the current financial year:-

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
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
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 until further notice
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
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 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

* Entities that meet the specific criteria in MFRS 4.20B may choose to defer the application of MFRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

3. BASIS OF PREPARATION (CONT'D)

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such different will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(c) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(d) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Managements specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(e) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(f) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(g) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (CONt'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (CONt'D)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definition in MFRS132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Held-to-maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

As at the end of the reporting period, there were no financial assets classified under this category.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Equity instruments classified as equity are measure initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity. Incremental costs directly attributanble to the issue of new ordinary share are shown as equity as a deduction, net of tax, from proceeds.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition

A financial asset or part of it is derecongised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 PROPERTY AND EQUIPMENT

All items of property and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

Depreciation on other property and equipment is charged to profit or loss on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Freehold building	2%
Leasehold land and buildings	2%
Office equipment, furniture and fittings	10 - 15%
Computers	16 - 20%
Library books and training equipment	10%
Motor vehicles	20%
Renovation	12%
Signboard	10%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss and investment in subsidiaries.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.
In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 INCOME TAXES (CONT'D)

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST. However, when GST incurred are related to purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

4.11 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (Whether executive or otherwise) of that entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.14 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.15 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 REVENUE AND OTHER INCOME

(a) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(b) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(c) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

(d) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

5. PROPERTY AND EQUIPMENT

	At 1.1.2016 RM	Additions RM	Disposal RM	Depreciation Charges RM	At 31.12.2016 RM
2016					
Net Book Value					
Freehold building	785,492	-	-	(19,637)	765,855
Leasehold land and buildings	1,957,532	2,227,000	-	(85,323)	4,099,209
Office equipment, furniture and fittings	158,024	124,836	-	(46,497)	236,363
Computers	64,551	46,973	-	(25,542)	85,982
Library books and training equipment	80,554	10,449	-	(19,724)	71,279
Motor vehicles	707,761	-	-	(193,361)	514,400
Renovation	133,619	187,784	-	(46,864)	274,539
Signboard	31,875	16,420	-	(6,837)	41,458
	3,919,408	2,613,462	-	(443,785)	6,089,085

	At 1.1.2015 RM	Additions RM	Disposal RM	Write off RM	Depreciation Charges RM	At 31.12.2015 RM
2015						
Net Book Value						
Freehold building	805,129	-	-	-	(19,637)	785,492
Leasehold land and buildings	1,998,314	-	-	-	(40,782)	1,957,532
Office equipment, furniture and fittings	182,825	34,075	-	-	(58,876)	158,024
Computers	40,732	46,511	-	(2)	(22,690)	64,551
Library books and training equipment	102,489	1,659	-	-	(23,594)	80,554
Motor vehicles	317,023	584,100	(1)	-	(193,361)	707,761
Renovation	155,924	12,217	-	-	(34,522)	133,619
Signboard	35,970	1,100	-	-	(5,195)	31,875
	3,638,406	679,662	(1)	(2)	(398,657)	3,919,408

5. PROPERTY AND EQUIPMENT (CONT'D)

	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
2016			
Freehold building	981,864	(216,009)	765,855
Leasehold land and buildings	4,266,096	(166,887)	4,099,209
Office equipment, furniture and fittings	583,983	(347,620)	236,363
Computers	368,974	(282,992)	85,982
Library books and training equipment	197,239	(125,960)	71,279
Motor vehicles	966,807	(452,407)	514,400
Renovation	844,040	(569,501)	274,539
Signboard	94,295	(52,837)	41,458
	8,303,298	(2,214,213)	6,089,085
2015			
Freehold building	981,864	(196,372)	785,492
Leasehold land and buildings	2,039,096	(81,564)	1,957,532
Office equipment, furniture and fittings	459,147	(301,123)	158,024
Computers	322,001	(257,450)	64,551
Library books and training equipment	186,790	(106,236)	80,554
Motor vehicles	1,015,600	(307,839)	707,761
Renovation	656,256	(522,637)	133,619
Signboard	77,875	(46,000)	31,875
	5,738,629	(1,819,221)	3,919,408

a) Included in the property and equipment of the Group at the end of the reporting period were motor vehicles with a total net book value of RM488,400 (2015 - RM785,581), which were acquired under hire purchase terms.

b) Included in the property and equipment of the Group are the following assets which have been charged to a licensed bank as security for banking facility granted to the Company as disclosed in Note 11 to the financial statements:-

	2016 RM	**2015** RM
Leasehold land and buildings	2,032,560	1,598,400

6. GOODWILL

	2016 RM	2015 RM
Cost:-		
At 1 January/31 December	2,391,360	2,391,360
Accumulated impairment losses:-		
At 1 January	-	-
Impairment during the financial year (Note 19)	106,290	-
At 31 December	106,290	-
	2,285,070	2,391,360

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	2016 RM	2015 RM
Miraj Academy Sdn Bhd	743,981	850,271
Education UK Network Sdn Bhd	1,541,089	1,541,089
	2,285,070	2,391,360

(b) The Group has assessed the recoverable amounts of goodwill allocated and determined that no additional impairment is required. The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years.

	Growth Rate		Discount Rate	
	2016 %	2015 %	2016 %	2015 %
Miraj Academy Sdn Bhd	3 - 6	N/A	10	N/A
Education UK Network Sdn Bhd	1	N/A	10	N/A

The key assumptions represent management's assessment based on past operating results and management's expectations of market condition and assessment of future trends derived from both external and internal sources.

7. TRADE RECEIVABLES

The Group's and Company's normal trade credit terms range from 30 to 60 (2015 - 30 to 60) days. Other credit terms are assessed and approved on a case-by-case basis.

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2016 RM	**2015** RM
Other receivables	249,355	47,460
Deposits	156,415	139,643
Prepayments	38,882	105,463
	444,652	292,566

9. SHARE CAPITAL

	2016 Number Of Shares	**2015** Number Of Shares	**2016** RM	**2015** RM
Ordinary Shares of RM1 each:-				
Authorised	500,000	500,000	500,000	500,000
Issued and Fully Paid-Up	200,000	200,000	200,000	200,000

10. HIRE PURCHASE PAYABLES

	2016 RM	2015 RM
Minimum hire purchase payments:		
- Not later than 1 year	152,257	152,264
- Later than 1 year and not later than 5 years	336,664	490,580
	488,921	642,844
Less: Future finance charges	(45,111)	(61,777)
Present value of hire purchase payables	443,810	581,067

	2016 RM	2015 RM
Current		
- Not later than 1 year	135,981	129,110
Non-current		
- Later than 1 years and not later than 5 years	307,829	451,957
	443,810	581,067

a) The hire purchase payables of the Group are secured by the Group's motor vehicles under hire purchase as disclosed in Note 5 to the financial statements.

b) The hire purchase payables of the Group at the end of reporting period bore effective interest rate ranging from 2.55% to 3.10% (2015 - 2.55% to 3.10%%).

11. TERM LOANS (SECURED)

	2016 RM	2015 RM
Current		
Not later than 1 year	181,496	181,968
Non-current		
Later than 1 year and not later than 2 years	194,854	190,288
Later than 2 years and not later than 5 years	755,988	627,510
Later than 5 years	262,546	217,878
	1,213,388	1,035,676
	1,394,884	1,217,644

a) The term loans are analysed as follows:-

	2016 RM	2015 RM
Term loan 1	1,036,464	1,217,643
Term loan 2	358,420	-
	1,394,884	1,217,643

The term loans of the Group at the end of reporting period bore effective interest rates from 4.53% to 7.85% (2015 – 4.60% to 7.40%).

b) Term loan 1 is secured by:-

(i) Legal charges over the leasehold land and buildings of the Company;

(ii) Facility Agreement for RM1,415,250 as principal investment; and

(iii) Joint and several guarantee by all directors of the Company

11. TERM LOANS (SECURED) (CONT'D)

c) Term loan 2 is secured by:-

(i) Musharakah Mutanaqisah Master Agreement;

(ii) Joint and several guarantee by all directors of the Company;

(iii) Corporate guarantee by the Company;

(iv) Deed of assignment to be executed by Miraj Academy in favour of the bank assigning all right and title, interests and benefits under the Sale and Purchase Agreement in respect of the Property;

(v) Irrevocable Power of Attorney from Miraj Academy to enable the bank to deal with the security offered;

(vi) Letter of undertaking from the main chargee; and

(vii) Any other security documents as required by the bank.

12. DEFERRED TAX LIABILITIES

	2016 RM	**2015** RM
At 1 January	63,199	29,851
Recognised in profit or loss (Note 20)	32,380	33,348
At 31 December	95,579	63,199

The deferred tax liabilities are in respect of taxable temporary difference arising from accelerated capital allowance on qualifying costs of property and equipment.

13. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 (2015 - 30 to 60) days.

14. OTHER PAYABLES AND ACCRUALS

	2016	**2015**
	RM	RM
Other payables	60,828	64,079
Accruals	228,786	375,455
	289,614	439,534

15. AMOUNT OWING TO A DIRECTOR

The amount owing to a director represents unsecured payments made on behalf. The amount owing is repayable on demand and is to be settled in cash.

16. BANK OVERDRAFTS (SECURED)

In the previous financial year, the bank overdraft of the Group was secured by a fixed charge over certain of property and equipment of the Group as disclosed in Notes 5 and 11 to the financial statements.

The bank overdraft of the Group at the end of the previous reporting period bore floating interest rate of 4% per annum.

17. DEFERRED INCOME

Deferred income relates to invoices billed in respect of tuition services to be recognised in the following year upon the services rendered to the students.

18. REVENUE

Revenue represents commission on tuition fees, retainer fees, training fees and commission on related educational counselling services rendered.

19. PROFIT BEFORE TAXATION

	2016 RM	2015 RM
Profit before taxation is arrived at after charging/(crediting):-		
Auditors' remuneration:		
- audit fees:		
- current financial year	38,000	22,400
- underprovision in the previous financial year	2,300	-
Depreciation of property and equipment	443,785	398,657
Director's fees	18,000	18,000
Directors' non-fees emoluments:		
- salaries, bonuses and allowances	250,500	261,250
- defined contribution benefits	30,645	32,043
Impairment loss:		
- goodwill	106,290	-
Interest expense on financial liabilities not at fair value through profit or loss:		
- bank overdraft	58,484	92,486
- hire purchase	16,666	11,843
- term loans	51,662	61,284
Property and equipment written off	-	2
Realised loss/(gain) on foreign exchange	81,661	(130,524)
Rental expense on:		
- premises	413,627	429,583
- office equipment	340	2,892
Interest income:		
- fixed deposit	(44)	-
Rental income:		
- premises	(11,600)	(1,200)
Unrealised gain in foreign exchange	(27,292)	-
Staff costs:		
- salaries, bonuses and allowances	2,564,443	2,387,808
- defined contribution plan	298,995	277,800
- other benefits	157,045	132,409
Dividend income	-	-
Gain on disposal of property and equipment	(13,250)	(146,999)

20. INCOME TAX EXPENSE

	2016 RM	2015 RM
Income tax:		
- for the financial year	735,725	618,788
- underprovision in the previous financial year	41,486	49,526
	777,211	668,314
Deferred tax (Note 12):		
- origination and reversal of temporary differences	20,407	31,763
- underprovision in the previous financial year	11,973	1,585
	809,591	701,662

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:

	2016 RM	2015 RM
Profit before taxation	3,071,190	2,592,112
Tax at the statutory tax rate of 24% (2015 - 25%)	737,086	648,028
Tax effects of:-		
Non-deductible expenses	91,547	124,112
Utilisation of deferred tax assets previously not recognised during the financial year	-	(8,357)
Differential in tax rate	(67,347)	(59,021)
Effect of change in corporate income tax rate from 25% to 24% on deferred tax	(2,634)	-
Non-taxable income	(2,520)	(54,211)
Underprovision in the previous financial year		
-current tax	41,486	49,526
-deferred tax	11,973	1,585
Income tax expense for the financial year	809,591	701,662

Domestic income tax is calculated at the Malaysian statutory tax rate of 19% (2015 - 20%) for the first RM500,000 and 24% (2015 - 25%) for the balance of the estimated assessable profit for the financial year.

21. DIVIDENDS

	The Company 2016 RM	The Company 2015 RM
First interim single tier dividend of RM8.75 per ordinary share in respect of the previous financial year	-	1,750,000

22. PURCHASE OF PROPERTY AND EQUIPMENT

	2016 RM	2015 RM
Cost of property and equipment purchased (Note 5)	2,613,462	679,662
Amount financed through hire purchase	-	(400,000)
Cash disbursed for purchase of property and equipment	2,613,462	279,662

23. CASH AND CASH EQUIVALENTS

For the purpose of statements of cash flows, cash and cash equivalents comprise the following:-

	2016 RM	2015 RM
Cash and bank balances	125,568	123,307
Bank overdraft	-	(1,186,014)
	125,568	(1,062,707)

24. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors of the Company.

The key management personnel compensation during the financial year are as follows:-

	2016 RM	**2015** RM
Directors of the Company		
Short-term employee benefits:		
- fee	18,000	18,000
- salaries, bonuses and other benefits	192,000	192,000
Defined contribution benefits	23,040	23,040
	233,040	233,040
Directors of the Subsidiaries		
Short-term employee benefits:		
- salaries, bonueses and other benefits	58,500	69,250
Defined contribution benefits	7,605	9,003
	66,105	78,253

25. RELATED PARTY DISCLOSURES

Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

26. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

26.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Company. The currencies giving rise to this risk are primarily Pound Sterling ("GBP") and Australian Dollar ("AUD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	Pound Sterling RM	Australian Dollar RM	Ringgit Malaysia RM	Others RM	Total RM
2016					
Financial Assets					
Trade receivables	1,553,394	223,319	400,417	103,464	2,280,594
Other receivables and deposits	-	-	302,162	-	302,162
Cash and bank balances	-	-	125,568	-	125,568
	1,553,394	223,319	828,147	103,464	2,708,324
Financial Liabilities					
Trade payables	-	-	79,530	-	79,530
Other payables and accruals	-	-	289,614	-	289,614
Amount owing to a director	-	-	1,408,160	-	1,408,160
Hire purchase payables	-	-	443,810	-	443,810
Term loans	-	-	1,394,884	-	1,394,884
Bank overdraft	-	-	-	-	-
	-	-	3,615,998	-	3,615,998
Net financial assets/ (liabilities)	1,553,394	223,319	(2,787,851)	103,464	(907,674)
Less: Net financial liabilities denominated in the respective entities functional currencies	-	-	2,787,851	-	2,787,851
Currency exposure	1,553,394	223,319	-	103,464	1,880,177

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Pound Sterling RM	Australian Dollar RM	Ringgit Malaysia RM	Others RM	Total RM
2015					
Financial Assets					
Trade receivables	908,428	202,956	1,474,152	83,731	2,669,267
Other receivables and deposits	-	-	187,103	-	187,103
Cash and bank balances	-	-	123,307	-	123,307
	908,428	202,956	1,784,562	83,731	2,979,677
Financial Liabilities					
Trade payables	-	-	148,554	-	148,554
Other payables and accruals	-	-	439,534	-	439,534
Amount owing to a director	-	-	76,771	-	76,771
Hire purchase payables	-	-	581,067	-	581,067
Term loans	-	-	1,217,644	-	1,217,644
Bank overdraft	-	-	1,186,014	-	1,186,014
	-	-	3,649,584	-	3,649,584
Net financial assets/(liabilities)	908,428	202,956	(1,865,022)	83,731	(669,907)
Less: Net financial liabilities denominated in the entity's functional currency	-	-	1,865,022	-	1,865,022
Currency exposure	908,428	202,956	-	83,731	1,195,115

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign exchange risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	2016 Increase/ (Decrease) RM	**2015** Increase/ (Decrease) RM
Effects On Profit After Taxation		
GBP/RM:		
- strengthened by 5%	59,029	34,066
- weakened by 5%	(59,029)	(34,066)
AUD/RM:		
- strengthened by 5%	8,486	7,611
- weakened by 5%	(8,486)	(7,611)

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS 7 since neither their carrying amount nor the future cash flow will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial interest at the end of the reporting period is disclosed in Note 11 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	2016 RM	2015 RM
Effects On Profit After Taxation		
Increase of 100 basis points ("bp")	(10,601)	(9,132)
Decrease of 100 bp	10,601	9,132

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trader receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to amounts owing by 1 customer which approximately 40% of its trade receivables at the end of the reporting period.

(ii) Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets recognised on the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (when applicable).

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (cont'd)

(iii) Ageing Analysis

The ageing analysis of trade receivables is as follows:-

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2016				
Not past due	1,345,534	-	-	1,345,534
Past due:				
- less than 3 months	362,995	-	-	362,995
- 3 to 6 months	309,385	-	-	309,385
- more than 6 months	262,680	-	-	262,680
	2,280,594	-	-	2,280,594

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2015				
Not past due	1,732,119	-	-	1,732,119
Past due:				
- less than 3 months	270,719	-	-	270,719
- 3 to 6 months	400,767	-	-	400,767
- more than 6 months	265,662	-	-	265,662
	2,669,267	-	-	2,669,267

The Group believes that no impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period):-

	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
2016					
Non-derivative Financial Liabilities					
Trade payables	-	79,530	79,530	79,530	-
Other payables and accruals	-	289,614	289,614	289,614	-
Amount owing to a director	-	1,408,160	1,408,160	1,408,160	-
Hire purchase payables	4.83	443,810	488,921	152,257	336,664
Term loans	6.60	1,394,884	1,749,415	268,376	1,481,039
		3,615,998	4,015,640	2,197,937	1,817,703

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period):-

	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
2015					
Non-derivative Financial Liabilities					
Trade payables	-	148,554	148,554	148,554	-
Other payables and accruals	-	439,534	439,534	439,534	-
Amount owing to a director	-	76,771	76,771	76,771	-
Hire purchase payables	4.83	581,067	642,844	152,264	490,580
Term loans	6.60	1,217,644	1,487,661	234,894	1,252,767
		2,463,570	2,795,364	1,052,017	1,743,347

26. FINANCIAL INSTRUMENTS (CONT'D)

26.2 CAPITAL RISK MANAGEMENT

The Group manages its to ensure that entities within the Group will be able to maintain as capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders' value.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

	2016 RM	**2015** RM
Hire purchase payables (Note 10)	443,810	581,067
Term loans (note 11)	1,394,884	1,217,644
Bank overdrafts (Note 16)	-	1,186,014
	1,838,694	2,984,725
Less: Cash and bank balances	(125,568)	(123,307)
Net debt	1,713,126	2,861,418
Total equity	7,004,985	4,795,386
Debt-to-equity ratio (times)	0.25	0.60

There was no change in the Group's approach to capital management during the financial year.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2016 RM	2015 RM
Financial Assets		
Loans and receivables financial assets		
Trade receivables (Note 7)	2,280,594	2,669,267
Other receivables and deposits (Note 8)	302,162	187,103
Cash and bank balances	125,568	123,307
	2,708,324	2,979,677
Financial Liabilities		
Other financial liabilities		
Trade payables (Note 13)	79,530	148,554
Other payables and accruals (Note 14)	289,614	439,534
Amount owing to a director (Note 15)	1,408,160	76,771
Hire purchase payables (Note 10)	443,810	581,067
Term loans (Note 11)	1,394,884	1,217,644
Bank overdraft (Note 16)	-	1,186,014
	3,615,998	3,649,584

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 FAIR VALUE INFORMATION

The fair value of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amount due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			**Total Fair Value**	**Carrying Amount**
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
2016								
Financial Liabilities								
Hire purchase payables	-	-	-	-	443,810	-	443,810	443,810
Term loans:								
- floating rate	-	-	-	-	1,394,884	-	1,394,884	1,394,884

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 FAIR VALUE INFORMATION (CONT'D)

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			**Total Fair Value**	**Carrying Amount**
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
2015								
Financial Liabilities								
Hire purchase payables	-	-	-	-	581,067	-	581,067	581,067
Term loans:								
- floating rate	-	-	-	-	1,217,644	-	1,217,644	1,217,644

27. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaces the existing Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that will affect the financial statements of the Company upon its initial adoption are:-

(i) Removal of the authorised share capital; and
(ii) Ordinary shares will cease to have par value

The adoption of the Companies Act 2016 is to be applied prospectively. Therefore, the changes in the accounting policies and the possible impacts on the financial statements upon its initial adoption will be disclosed in the financial statements of the Company for the financial year ending 31 December 2017.

STATEMENT BY DIRECTORS

We, Teh Cheong Hua and Yong Lai Peng, being two of the directors of JM Education Group Berhad (formerly known as JM Education Counselling Centre Sdn. Bhd.), state that, in the opinion of the directors, the consolidated financial statements set out on pages 5 to 56 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the consolidated financial position of JM Education Group Berhad (formerly known as JM Education Counselling Centre Sdn. Bhd.) and its subsidiaries (collectively known as the "Group") as at 31 December 2015 and 2016 and of their financial performance, changes in equity and cash flows for the corresponding financial years ended on that date.

Signed in accordance with a resolution of the directors dated 7 December 2017

Teh Cheong Hua

Yong Lai Peng