

Company No: 250325-T

**APPENDIX I – REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016**

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

JM EDUCATION GROUP BERHAD (“JM Education” or the “Company”)

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

REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED FINANCIAL POSITION AS AT 31 DECEMBER 2016

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Financial Position of JM Education and its subsidiaries (collectively known as the “Group”) as at 31 December 2016, for which we have stamped for the purpose of identification. The Pro Forma Consolidated Statement of Financial Position has been compiled by the Directors of the Company for inclusion in the Information Memorandum, in connection with the listing of and quotation for the entire issued share capital of the Company on the LEAP Market of Bursa Securities (“the Proposals”).

The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statement of Financial Position are described in the Appendix A, and are specified in the LEAP Market Listing Requirements issued by Bursa Malaysia Securities Berhad (the “Listing Requirements”).

The Pro Forma Consolidated Statement of Financial Position has been compiled by the Board of Directors to illustrate the impact of the event or transactions set out in Appendix B of this letter on the Group’s financial position as at 31 December 2016.

As part of this process, information about the Group’s consolidated financial position has been extracted by the Board of Directors from the Company’s and its subsidiaries’ audited financial statements for the financial year ended 31 December 2016.

The Board of Directors of the Company is responsible for compiling the Pro Forma Consolidated Statement of Financial Position on the basis as described in Appendix A and in accordance with the Listing Requirements.

REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standard Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The Firm applies International Standard on Quality Control 1 (ISQC 1), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in Appendix A and in accordance with the Listing Requirements.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, Assurance Engagement to Report on the Compilation of Pro Forma Consolidated Statement of Financial Position Included in an Information Memorandum, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statement of Financial Position on the basis set out in Appendix A and in accordance with the Listing Requirements.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statement of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statement of Financial Position.

The purpose of Pro Forma Consolidated Statement of Financial Position included in an Information Memorandum is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONTINUED)

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, on the basis as set out in Appendix A of Pro Forma Consolidated Statement of Financial Position and in accordance with the Listing Requirements involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statement of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statement of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statement of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statement of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

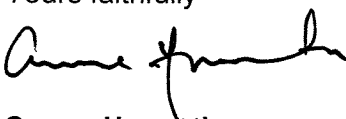
OPINION

In our opinion, the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, on the basis as set out in Appendix A of the Pro Forma Consolidated Statement of Financial Position and in accordance with the Listing Requirements.

OTHER MATTERS

We understand that this letter will be used solely for the purpose of inclusion in the Information Memorandum in connection with the Proposals. 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.

Yours faithfully



Crowe Horwath
Firm No AF 1018
Chartered Accountants
Kuala Lumpur



Ung Voon Huay
03233/10/2018 J
Chartered Accountant

JM EDUCATION GROUP BERHAD (Formerly known as JM Education Counselling Centre Sdn. Bhd) AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

1. PRO FORMA AND BASIS OF PREPARATION

1.1 BASIS OF PREPARATION

The Pro Forma Consolidated Statement of Financial Position of JM Education Group has been prepared based on the audited Consolidated Statement of JM Education Group as at 31 December 2016. The Pro Forma Consolidated Statement of Financial Position has been prepared solely for illustrative purpose, to show the effects of the following:-

1.1.1 Proposed Share Split

A subdivision of 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.

1.1.2 Proposed Bonus Issue

A bonus issue of up to 59,000,000 new ordinary shares ("Bonus Share") 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 (the "Proposed Bonus Issue of Shares").

1.1.3 Proposed Public Issue

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 BERHAD (Formerly known as JM Education Counselling Centre Sdn. Bhd) AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

2. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF JM EDUCATION GROUP AS AT 31 DECEMBER 2016

	Audited as at 31 December 2016 RM'000	Pro forma I After Subsequent Events RM'000	Pro forma II After Pro forma I and Proposed Bonus Issue RM'000	Pro forma III After Pro forma II and Public Issue RM'000	Pro forma IV After Pro forma III, and Utilisation of Proceeds RM'000
The Group					
ASSETS					
NON-CURRENT ASSETS					
Property and equipment	6,089	6,089	6,089	6,089	6,089
Goodwill	2,285	2,285	2,285	2,285	2,285
	<u>8,374</u>	<u>8,374</u>	<u>8,374</u>	<u>8,374</u>	<u>8,374</u>
CURRENT ASSETS					
Trade receivables	2,281	2,281	2,281	2,281	2,281
Other receivable, deposits and prepayments	445	445	445	445	445
Current tax assets	73	73	73	73	73
Cash and bank balances	126	126	126	3,186	646
	<u>2,925</u>	<u>2,925</u>	<u>2,925</u>	<u>5,985</u>	<u>3,445</u>
Asset held for sale	-	-	-	-	-
	<u>2,925</u>	<u>2,925</u>	<u>2,925</u>	<u>5,985</u>	<u>3,445</u>
TOTAL ASSETS	<u>11,299</u>	<u>11,299</u>	<u>11,299</u>	<u>14,359</u>	<u>11,819</u>

JM EDUCATION GROUP BERHAD (Formerly known as JM Education Counselling Centre Sdn. Bhd) AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

2. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF JM EDUCATION GROUP AS AT 31 DECEMBER 2016 (CONT'D)

	Audited as at 31 December 2016 RM'000	Pro forma I After Subsequent Events RM'000	Pro forma II After Pro forma I and Proposed Bonus Issue RM'000	Pro forma III After Pro forma II and Public Issue RM'000	Pro forma IV After Pro forma III, and Utilisation of Proceeds RM'000
The Group					
EQUITY AND LIABILITIES					
Share capital	200	200	6,100	9,160	9,099
Retained profits/(Accumulated losses)	6,782	6,782	882	882	(707)
Equity attributable to owners of the Company	6,982	6,982	6,982	10,042	8,392
Non-controlling interests	23	23	23	23	23
TOTAL EQUITY	7,005	7,005	7,005	10,065	8,415
NON-CURRENT LIABILITIES					
Hire purchase payables	308	308	308	308	308
Term loans	1,213	1,213	1,213	1,213	504
Deferred tax liabilities	96	96	96	96	96
	1,617	1,617	1,617	1,617	908
CURRENT LIABILITIES					
Trade payables	80	80	80	80	80
Other payables and accruals	290	290	290	290	290
Amount owing to a director	1,408	1,408	1,408	1,408	1,408
Hire purchase payables	136	136	136	136	136
Term loans	181	181	181	181	0
Current tax liabilities	275	275	275	275	275
Deferred income	307	307	307	307	307
	2,677	2,677	2,677	2,677	2,496
TOTAL LIABILITIES	4,294	4,294	4,294	4,294	3,404
TOTAL EQUITY AND LIABILITIES	11,299	11,299	11,299	14,359	11,819
No. of ordinary shares in JM Education ('000)	200	2,000	61,000	67,800	67,800
Net assets per ordinary share (RM)	35.03	3.50	0.11	0.15	0.12

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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

2. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF JM EDUCATION GROUP AS AT 31 DECEMBER 2016 (CONT'D)

2.1 Pro Forma I

Pro Forma I incorporates the effects of the Proposed Share Split as set out in Section 1.1.1 above.

2.2 Pro Forma II

Pro forma II incorporates the cumulative effects of Pro forma I and the Proposed Bonus Issue of Shares which will entail an issuance of 59,000,000 Bonus Shares on the basis of twenty nine and half (29.5) Bonus Shares for every one (1) existing JM Education Share as set out in Section 1.1.2 above.

2.3 Pro Forma III

Pro forma II incorporates the cumulative effects of Pro forma I, II and the Proposed Public Issue as set out in Section 1.1.3 above.

2.4 Pro Forma IV

Pro forma III incorporates the cumulative effects of Pro forma I, II, III and the utilisation of the proceeds from the Proposed Public Issue.

The proceeds from the Proposed Public Issue are to be utilised as follows:-

	RM'000	%	Estimated time frame for utilisation from the listing date
Expansion/Marketing expenses	740	24.18	Within 36 months
Repayment of bank borrowings	890	29.09	Within 12 months
Working capital	520	16.99	Within 24 months
Estimated listing expenses *	910	29.74	Immediately
	3,060	100.00	

Note:

* -The estimated listing expenses of approximately RM61,200 is to be written off against the share capital under the Companies Act 2016, Malaysia and the remaining estimated listing expenses of approximately RM848,800 will be expensed off to profit or loss and this represents a one-off expenditure, in conjunction with the IPO.

JM EDUCATION GROUP BERHAD (Formerly known as JM Education Counselling Centre Sdn. Bhd.) AND ITS SUBSIDIARIES

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 7 December 2017

On behalf of the Board of Directors,



Teh Cheong Hua



Yong Lai Peng