



JM EDUCATION GROUP BERHAD
(Formerly known as JM Education Counselling Centre Sdn. Bhd.)
(250325-T)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES"). IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY JM EDUCATION GROUP BERHAD ("JM EDUCATION" OR "THE COMPANY"). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

JM EDUCATION GROUP BERHAD*(Formerly known as JM Education Counselling Centre Sdn. Bhd.)*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 31.12.2017 RM'000	Audited 31.12.2016 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	5,604	6,089
Goodwill on consolidation	2,285	2,285
	<hr/> 7,889	<hr/> 8,374
CURRENT ASSETS		
Trade receivables	3,420	2,281
Other receivables, deposits and prepayments	369	445
Current tax assets	62	73
Cash and bank balances	46	126
	<hr/> 3,897	<hr/> 2,925
Asset held for sale	_#	_#
	<hr/> 3,897	<hr/> 2,925
TOTAL ASSETS	<hr/> 11,786	<hr/> 11,299
EQUITY AND LIABILITES		
EQUITY		
Share capital	6,100	200
Retained profits	2,353	6,782
Equity attributable to owners of the Company	<hr/> 8,453	<hr/> 6,982
Non-controlling interests	-	23
TOTAL EQUITY	<hr/> 8,453	<hr/> 7,005
NON-CURRENT LIABILITIES		
Hire purchase payables	12	308
Term loans	993	1,213
Deferred taxation	95	96
TOTAL NON-CURRENT LIABILITIES	<hr/> 1,100	<hr/> 1,617

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	Unaudited	Audited
	31.12.2017	31.12.2016
	RM'000	RM'000
EQUITY AND LIABILITIES (CONT'D)		
CURRENT LIABILITIES		
Trade payables	274	80
Other payables and accruals	451	290
Amount owing to a director	-	1,408
Hire purchase payables	59	136
Term loans	195	181
Bank overdrafts	304	-
Current tax liabilities	366	275
Deferred income	584	307
	<hr/> 2,233	<hr/> 2,677
TOTAL LIABILITIES	3,333	4,294
TOTAL EQUITY AND LIABILITIES	<hr/> 11,786	<hr/> 11,299
Net assets per share attributable to the equity holders of the Company (sen)*	13.9	11.5

Notes:

* - Computed based on 61,000,000 ordinary shares.

- Amount is negligible.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	← Individual Period →				← Cumulative Period →			
	Unaudited Current Half Year 31.12.2017 RM'000	Unaudited Preceding Year Corresponding Half Year 31.12.2016 RM'000	Changes Amount RM'000 %		Unaudited Current Year To-date 31.12.2017 RM'000	Audited Preceding Year Corresponding Period 31.12.2016 RM'000	Changes Amount RM'000 %	
Revenue	6,111	5,638	473	8.4	11,426	9,962	1,464	14.7
Cost of sales	(2,615)	(2,205)	(410)	(18.6)	(4,466)	(3,512)	(954)	(27.2)
Gross profit	3,496	3,433	63	1.8	6,960	6,450	510	7.9
Other income	21	49	(28)	(57.1)	92	55	37	67.3
	3,517	3,482	35	1.0	7,052	6,505	547	8.4
Selling and marketing expenses	(588)	(333)	(255)	(76.6)	(1,076)	(841)	(235)	(27.9)
Administrative expenses	(1,192)	(805)	(387)	(48.1)	(2,272)	(1,895)	(377)	(19.9)
Other expenses	(449)	(472)	23	4.9	(471)	(571)	100	17.5
Finance costs	(93)	(75)	(18)	(24.0)	(122)	(127)	5	3.9
Profit before taxation	1,195	1,797	(602)	(33.5)	3,111	3,071	40	1.3
Income tax expense	(530)	(405)	(125)	(30.9)	(1,013)	(810)	(203)	(25.1)
Profit after taxation	665	1,392	(727)	(52.2)	2,098	2,261	(163)	(7.2)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	665	1,392	(727)	(52.2)	2,098	2,261	(163)	(7.2)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	← Individual Period →				← Cumulative Period →			
	Unaudited Current Half Year 31.12.2017 RM'000	Unaudited Preceding Year Corresponding Half Year 31.12.2016 RM'000	Changes Amount RM'000		Unaudited Current Year To-date 31.12.2017 RM'000	Audited Preceding Year Corresponding Period 31.12.2016 RM'000	Changes Amount RM'000	
				%				%
Profit after taxation/total comprehensive income attributable to:								
- Owners of the Company	585	1,394	(809)	(58.0)	2,038	2,265	(227)	(10.0)
- Non-controlling interests	80	(2)	82	4100.0	60	(4)	64	1600.0
	665	1,392	(727)	(52.2)	2,098	2,261	(163)	(7.2)
 Earnings per share attributable to the owners of the Company (sen)*	 1.0	 2.3			 3.3	 3.7		

Note:

* - Computed based on 61,000,000 ordinary shares.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The Group	Share Capital RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2017	200	6,781	6,981	23	7,004
Issuance of new shares under bonus issue	5,900	(5,900)	-	-	-
Profit after taxation/Total comprehensive income for the financial year	-	2,038	2,038	60	2,098
Changes in a subsidiary's ownership that do not result in a loss of control	-	(66)	(66)	(83)	(149)
Dividend paid	-	(500)	(500)	-	(500)
Balance as at 31.12.2017	<u>6,100</u>	<u>2,353</u>	<u>8,453</u>	<u>-</u>	<u>8,453</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 31.12.2017 RM'000	Audited 31.12.2016 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,111	3,071
Adjustments for:		
Bad debts written off	68	-
Gain on disposal of property and equipment	(40)	(13)
Depreciation of property and equipment	338	444
Unrealised loss/(gain) on foreign exchange	62	(27)
Impairment loss on goodwill	-	106
Interest expense	122	127
Interest income	(2)	-#
Operating profit before working capital changes	3,659	3,708
Increase/(Decrease) in deferred income	277	(499)
(Decrease)/Increase in receivables	(1,194)	264
Increase/(Decrease) in payables	357	(301)
CASH FROM OPERATIONS	3,099	3,172
Interest paid	(122)	(127)
Interest received	2	-#
Income tax refunded	81	62
Income tax paid	(993)	(637)
NET CASH FROM OPERATING ACTIVITIES	2,067	2,470
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of asset held for sale	-	-#
Purchase of property and equipment	(205)	(2,613)
Additional investments in a subsidiary	(150)	-
Sale proceeds from disposal of property and equipment	391	13
NET CASH FROM/(FOR) INVESTING ACTIVITIES	36	(2,600)
CASH FLOW FOR FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	(500)	(52)
Drawdown of term loan	-	365
(Repayment to)/Advances from directors	(1,408)	1,330
Repayment of hire purchase obligations	(372)	(137)
Repayment of term loans	(207)	(187)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(2,487)	1,319

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Unaudited	Audited
	31.12.2017	31.12.2016
	RM'000	RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(384)	1,189
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	126	(1,063)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>(258)</u>	<u>126</u>

Note:

- Amount is negligible.

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A. NOTES TO THE FINANCIAL REPORT

A1. Basis of preparation

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

The unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 as attached with the Information Memorandum of the Company dated 29 December 2017 and the accompanying explanatory notes attached to this unaudited financial statements.

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

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)

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvement to MFRS Standards 2014 - 2016 Cycles: Amendments to MFRS 12:
Clarification of the Scope of the Standard

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 unaudited financial statements.

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A. NOTES TO THE FINANCIAL REPORT (CONT'D)

A1. Basis of preparation (Cont'd)

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

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
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
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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

- (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. The Company is currently assessing the financial impact of adopting MFRS 9.

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A. NOTES TO THE FINANCIAL REPORT (CONT'D)

A1. Basis of preparation (Cont'd)

- (b) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Company 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 Company performs a detailed review.

A2. Seasonal or cyclical factors

The business operations of the Group are subject to the periods of student intakes and thus, could display cyclical trends. The revenue of our Group is usually higher in the second half of the respective financial years and we expect this trend to continue in the future financial years.

A3. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group since the last annual reporting year's audited financial statements.

A4. Material changes in estimates

There were no changes in estimates of amounts reported in the prior financial year, which have a material effect in the current financial quarter and financial year-to-date.

A5. Debt and equity securities

The Company has undertaken the followings in the FYE 31 December 2017:

(a) Share Split

A subdivision of shares of up to 2,000,000 ordinary shares was carried out on 9 November 2017 on the basis of ten (10) shares for every one (1) existing JM Education share held.

(b) Bonus Issue

A bonus issue of up to 59,000,000 new ordinary shares ("Bonus Share") was carried out on 13 November 2017 on the basis of 29.5 bonus shares for every one (1) existing JM Education share held by capitalising from the Company's retained profits.

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A. NOTES TO THE FINANCIAL REPORT (CONT'D)**A6. Dividend paid**

An interim single tier tax exempt dividend of RM2.50 per ordinary share amounting to RM500,000 in respect of the financial year ended 31 December 2017 was paid on 7 November 2017.

A7. Segmental information

The Group's revenue based on its activities is presented as follows:

(a) By segments

	← FYE 31 December →			
	Unaudited 2017		Audited 2016	
	RM'000	%	RM'000	%
Revenue				
Educational counselling and student placements	10,163	88.9	8,189	82.2
Provision of technical vocational education and training ("TVET")	1,263	11.1	1,773	17.8
	11,426	100.0	9,962	100.0

(b) By countries

	← FYE 31 December →			
	Unaudited 2017		Audited 2016	
	RM'000	%	RM'000	%
Overseas				
Educational counselling and student placements:				
- <i>Australia</i>	4,770	41.7	4,000	40.2
- <i>United Kingdom</i>	3,994	35.0	3,133	31.4
- <i>Others (New Zealand, Singapore, United States of America and Canada)</i>	577	5.1	486	4.9
	9,341	81.8	7,619	76.5
Local				
Education counselling and student placements	822	7.2	570	5.7
Provision of TVET	1,263	11.0	1,773	17.8
	2,085	18.2	2,343	23.5
	11,426	100.0	9,962	100.0

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A. NOTES TO THE FINANCIAL REPORT (CONT'D)

A8. Material event subsequent to the end of the financial period

The Company issued 6,800,000 ordinary shares at RM0.45 per share to investors on 5 February 2018 in conjunction with the listing on the LEAP Market of Bursa Securities on 8 February 2018.

A9. Changes in the composition of the Group

The Company acquired four (4) shares (40%) in JM Education Counselling Centre (Sabah) Sdn. Bhd. on 20 October 2017 for a total cash consideration of RM150,000. JM Education Counselling Centre (Sabah) Sdn. Bhd. has thus become a wholly owned subsidiary of the Company.

A10. Contingent assets and contingent liabilities

There are no contingent assets and contingent liabilities as at the date of this interim financial report.

A11. Capital commitments

There were no material capital commitments in respect of property and equipment as at the end of the current financial period.

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS**B1. Review of performance**

During the six (6) months period ended 31 December 2017, the Group registered a revenue and profit before taxation of RM6.11 million and RM1.20 million, as compared to revenue and profit before taxation of RM5.64 million and RM1.80 million for the six (6) months period ended 31 December 2016. The increase in revenue was mainly due to the increase in students counselled and placed at both local and overseas educational institutions. The decrease in profit before taxation was mainly attributable to the one-off listing expenses of RM0.52 million incurred in the six (6) months period ended 31 December 2017.

The Group recorded a revenue and profit before taxation of RM11.43 million and RM3.11 million for the current financial year ended ("FYE") 31 December 2017, as compared to a revenue and profit before tax of RM9.96 million and RM3.07 million reported in the previous financial year. The improvement in revenue was mainly attributable to the increase in students counselled and placed at both local and overseas educational institutions. The increase in profit before taxation was mainly contributed by higher student numbers as explained above.

The profit before taxation of RM3.11 million was arrived at after taking into account part of the one-off listing expenses incurred by the Group in the FYE 31 December 2017 which amounted to RM0.52 million.

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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS (CONT'D)**B2. Note to the condensed consolidated statement of profit or loss and other comprehensive income**

Profit before taxation is arrived after charging/(crediting):

	Unaudited 31.12.2017 RM'000	Audited 31.12.2016 RM'000
Bad debt written off	68	-
Gain on disposal of property and equipment	(40)	(13)
Depreciation of property and equipment	338	444
Unrealised loss/(gain) on foreign exchange	62	(27)
Listing expenses	524	-
Impairment loss on goodwill	-	106
Interest expense	122	127
Interest income	(2)	-

B3. Prospects

As disclosed in the Company's Information Memorandum dated 29 December 2017, the Group is initiating and maintaining its plans and strategies to expand JM Education's geographical reach in other parts of Malaysia and increase the range of training programs for its TVET operation. Barring any unforeseen circumstances, the Board of Directors of the Company ("Board") is of the opinion that the prospects of the Group's financial performance for the financial year ending 31 December 2018 will remain favourable.

B4. Variance of actual profit from profit forecast and profit guarantee

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

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C. OTHER INFORMATION

C1. Status of corporate proposals

There were no corporate proposals announced but pending completion as at the date of this report.

C2. Utilisation of proceeds

The status of utilisation of the proceeds from the Excluded Issue of RM3.06 million are as follows:

Purpose	Proposed Utilisation	Actual utilisation in Year 2017	Actual utilisation in Year 2018	Balance	Estimated time frame for utilisation from the listing date
	RM'000	RM'000	RM'000	RM'000	
Expansion/ Marketing	740	-	14	726	Within 36 months
Repayment of bank borrowings	890	-	-	890	Within 12 months
Working capital	520	-	-	520	Within 24 months
Estimated listing expenses	910	524	319	67*	Immediately
Total	3,060	524	333	2,203	

Note:

* - Will be utilised for working capital purposes.

C3. Material litigation

There are no material litigations pending as at the date of this report.

C4. Dividend

On 28 February 2018, the Board of Directors proposed a final single tier dividend of 1.4 sen per ordinary shares in respect of financial year ended 31 December 2017, subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company. The entitlement and payment dates shall be finalised by the Company at a later date and announced in due course.