



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 30 JUNE 2018

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)

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 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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30.06.2018 RM'000	Audited 31.12.2017 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	5,841	5,604
Goodwill on consolidation	2,285	2,285
	<hr/> 8,126	<hr/> 7,889
CURRENT ASSETS		
Trade receivables	2,452	3,420
Other receivables, deposits and prepayments	351	369
Current tax assets	59	36
Cash and bank balances	2,358	46
	<hr/> 5,220	<hr/> 3,871
TOTAL ASSETS	<hr/> 13,346	<hr/> 11,760
EQUITY AND LIABILITES		
EQUITY		
Share capital	9,160	6,100
Retained profits	2,331	2,528
Equity attributable to owners of the Company	<hr/> 11,491	<hr/> 8,628
TOTAL EQUITY	<hr/> 11,491	<hr/> 8,628
NON-CURRENT LIABILITIES		
Hire purchase payables	159	12
Term loans	275	993
Deferred taxation	96	95
TOTAL NON-CURRENT LIABILITIES	<hr/> 530	<hr/> 1,100

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

	Unaudited	Audited
	30.06.2018	31.12.2017
	RM'000	RM'000
EQUITY AND LIABILITIES (CONT'D)		
CURRENT LIABILITIES		
Trade payables	169	274
Other payables and accruals	140	472
Hire purchase payables	70	59
Term loans	33	195
Bank overdrafts	-	304
Current tax liabilities	131	139
Deferred income	782	589
	<hr/> 1,325	<hr/> 2,032
TOTAL LIABILITIES	<hr/> 1,855	<hr/> 3,132
TOTAL EQUITY AND LIABILITIES	<hr/> 13,346	<hr/> 11,760
Net assets per share attributable to the equity holders of the Company (sen)*	16.95	12.73

Note:

* Computed based on 67,800,000 ordinary shares.

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

	← Individual Period →				← Cumulative Period →			
	Unaudited Current Half Year 30.06.2018 RM'000	Unaudited Preceding Year Corresponding Half Year 30.06.2017 RM'000	Changes Amount RM'000 %		Unaudited Current Year To-date 30.06.2018 RM'000	Unaudited Preceding Year Corresponding Period 30.06.2017 RM'000	Changes Amount RM'000 %	
Revenue	4,795	5,279	(484)	(9.2)	4,795	5,279	(484)	(9.2)
Cost of sales	(1,910)	(2,188)	278	12.7	(1,910)	(2,188)	278	12.7
Gross profit	2,885	3,091	(206)	(6.7)	2,885	3,091	(206)	(6.7)
Other income	13	77	(64)	(83.1)	13	77	(64)	(83.1)
	2,898	3,168	(270)	(8.5)	2,898	3,168	(270)	(8.5)
Selling and marketing expenses	(462)	(499)	37	7.4	(462)	(499)	37	7.4
Administrative expenses	(1,206)	(810)	(396)	(48.9)	(1,206)	(810)	(396)	(48.9)
Other expenses	(154)	(165)	11	6.7	(154)	(165)	11	6.7
Finance costs	(24)	(84)	60	71.4	(24)	(84)	60	71.4
Profit before taxation	1,052	1,610	(558)	(34.7)	1,052	1,610	(558)	(34.7)
Income tax expense	(300)	(333)	33	9.9	(300)	(333)	33	9.9
Profit after taxation	752	1,277	(525)	(41.1)	752	1,277	(525)	(41.1)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the financial period	752	1,277	(525)	(41.1)	752	1,277	(525)	(41.1)

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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 30.06.2018 RM'000	Unaudited Preceding Year Corresponding Half Year 30.06.2017 RM'000	Changes Amount RM'000		Unaudited Current Year To-date 30.06.2018 RM'000	Unaudited Preceding Year Corresponding Period 30.06.2017 RM'000	Changes Amount RM'000	
				%				%
Profit after taxation/total comprehensive income attributable to:								
- Owners of the Company	752	1,282	(530)	(41.3)	752	1,282	(530)	(41.3)
- Non-controlling interests	-	(5)	5	100.0	-	(5)	5	100.0
	752	1,277	(525)	(41.1)	752	1,277	(525)	(41.1)
 Earnings per share attributable to the owners of the Company (sen)*	 1.1	 1.9			 1.1	 1.9		

Note:

* Computed based on 67,800,000 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 1.1.2018	6,100	2,528	8,628	-	8,628
Issuance of new shares	3,060	-	3,060	-	3,060
Profit after taxation/Total comprehensive income for the financial period	-	752	752	-	752
Dividend paid	-	(949)	(949)	-	(949)
Balance as at 30.06.2018	9,160	2,331	11,491	-	11,491

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
Profit after taxation/Total comprehensive income for the financial period	-	1,282	1,282	(5)	1,277
Balance as at 30.06.2017	200	8,063	8,263	18	8,281

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 30.06.2018 RM'000	Unaudited 30.06.2017 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,052	1,605
Adjustments for:		
Gain on disposal of property and equipment	-	(40)
Depreciation of property and equipment	180	166
Unrealised loss/(gain) on foreign exchange	(13)	(3)
Interest expense	18	18
Interest income	(25)	(25)
Operating profit before working capital changes	1,212	1,721
Increase/(Decrease) in deferred income	190	430
(Decrease)/Increase in receivables	1,634	(73)
Increase/(Decrease) in payables	(1,035)	(104)
CASH FROM OPERATIONS	2,001	1,974
Interest paid	(18)	(18)
Interest received	25	25
Income tax refunded	70	73
Income tax paid	(416)	(218)
NET CASH FROM OPERATING ACTIVITIES	1,662	1,836
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(417)	(86)
Proceed from share issued	3,060	-
Sale proceeds from disposal of property and equipment	-	390
NET CASH FROM/(FOR) INVESTING ACTIVITIES	2,643	304
CASH FLOW FOR FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	(949)	-
Drawdown of hire purchase	199	-
(Repayment to)/Advances from directors	-	(1,380)
Repayment of hire purchase obligations	(43)	(346)
Repayment of term loans	(897)	(116)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(1,690)	(1,842)

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

	Unaudited 30.06.2018 RM'000	Unaudited 30.06.2017 RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	2,615	298
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	(257)	126
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<hr/> 2,358	<hr/> 424

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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 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 2017.

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 except as follows:-

Amendments to MFRS 107: Disclosure Initiative

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. A reconciliation between opening and closing balances of these items is provided in Note 6 to the 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 9: Prepayment Features with Negative Compensation	1 January 2019
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
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
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

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

A1. 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 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 guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. The new standard contains 3 principal classification categories for financial assets (measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income) and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available-for-sale financial assets.

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. The new impairment model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. It involves a 3-stage approach under which financial assets move through the stages as their credit quality changes. This new impairment model applies to financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets, lease receivables, loan commitments and certain financial guarantee contracts.

The Group is currently assessing the impact of implementing MFRS 9. As a result, the potential impact on the adoption of this standard would only be observable when the assessment is completed later

- (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 about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

As at the date of authorisation of issue of the financial statements, the assessment of implementing MFRS 15 has not been finalised. Thus, the potential impact of the adoption of this standard cannot be determined and estimated reliably until the assessment is completed later.

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

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 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.

A6. Dividend paid

Final single tier tax exempt dividend of 1.4 sen per ordinary share amounting to RM949,200 in respect of the financial year ended 31 December 2017 was paid on 11 June 2018.

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A. NOTES TO THE FINANCIAL REPORT (CONT'D)**A7. Segmental information**

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

(a) By segments

	← Half Year 30 June →			
	Unaudited 2018		Unaudited 2017	
	RM'000	%	RM'000	%
Revenue				
Educational counselling and student placements	4,018	83.8	4,662	88.3
Provision of technical vocational education and training ("TVET")	777	16.2	617	11.7
	4,795	100.0	5,279	100.0

(b) By countries

	← Half Year 30 June →			
	Unaudited 2018		Unaudited 2017	
	RM'000	%	RM'000	%
Overseas				
Educational counselling and student placements:				
- <i>Australia</i>	2,456	51.2	2,741	51.9
- <i>United Kingdom</i>	842	17.6	1,029	19.5
- <i>Others (New Zealand, Singapore, United States of America and Canada)</i>	277	5.8	530	10.1
	3,575	74.6	4,300	81.5
Local				
Education counselling and student placements	443	9.2	361	6.8
Provision of TVET	777	16.2	618	11.7
	1,220	25.4	979	18.5
	4,795	100.0	5,279	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

Nil.

A9. Changes in the composition of the Group

Nil

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 30 June 2018, the Group registered a revenue and profit before taxation of RM4.80 million and RM1.05 million respectively as compared to revenue and profit before taxation of RM5.28 million and RM1.61 million for the six (6) months period ended 30 June 2017.

The decrease in revenue was mainly due to the decrease in students counselled and placed at overseas educational institutions.

The decrease in profit before taxation was mainly attributable to the drop in students counselled and placed at overseas educational institutions and one-off listing expenses of RM0.32 million incurred in the six (6) months period ended 30 June 2018.

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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 Current Half Year 30.06.2018 RM'000	Unaudited Preceding Year Corresponding Half Year 30.06.2017 RM'000
Gain on disposal of property and equipment	-	(40)
Depreciation of property and equipment	180	166
Unrealised loss/(gain) on foreign exchange	(13)	(3)
Listing expenses	319	-
Interest expense	18	18
Interest income	(25)	(25)
	<hr/>	<hr/>

B3. Prospects

The group has partially utilised proceeds from the Excluded Issue to pay down term loan, upgrade TVET training resources as well as for general marketing and working capital purposes.

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 satisfactory.

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	-	528	212	Within 36 months
Repayment of bank borrowings	890	-	821	69*	Within 12 months
Working capital	520	-	494	26	Within 24 months
Estimated listing expenses	910	524	319	67*	Immediately
Total	3,060	524	2,162	374	

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

The Board does not propose any interim dividend payment for this financial period.