



JM EDUCATION GROUP BERHAD
(250325-T)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	31.12.2018	31.12.2017
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	5,807	5,604
Goodwill on consolidation	2,285	2,285
	<u>8,092</u>	<u>7,889</u>
CURRENT ASSETS		
Trade receivables	2,424	3,420
Other receivables, deposits and prepayments	585	369
Current tax assets	47	36
Cash and bank balances	3,517	46
	<u>6,573</u>	<u>3,871</u>
TOTAL ASSETS	<u><u>14,665</u></u>	<u><u>11,760</u></u>
EQUITY AND LIABILITES		
EQUITY		
Share capital	9,160	6,100
Retained profits	3,904	2,528
Equity attributable to owners of the Company	<u>13,064</u>	<u>8,628</u>
TOTAL EQUITY	<u><u>13,064</u></u>	<u><u>8,628</u></u>
NON-CURRENT LIABILITIES		
Hire purchase payables	140	12
Term loans	309	993
Deferred taxation	31	95
TOTAL NON-CURRENT LIABILITIES	<u>480</u>	<u>1,100</u>

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

	Unaudited	Audited
	31.12.2018	31.12.2017
	RM'000	RM'000
EQUITY AND LIABILITIES (CONT'D)		
CURRENT LIABILITIES		
Trade payables	141	274
Other payables and accruals	371	472
Hire purchase payables	40	59
Term loans	19	195
Bank overdrafts	-	304
Current tax liabilities	9	139
Deferred income	541	589
	<hr/> 1,121	<hr/> 2,032
TOTAL LIABILITIES	<hr/> 1,601	<hr/> 3,132
TOTAL EQUITY AND LIABILITIES	<hr/> 14,665	<hr/> 11,760
Net assets per share attributable to the equity holders of the Company (sen)*	19.27	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 31.12.2018 RM'000	Unaudited Preceding Year Corresponding Half Year 31.12.2017 RM'000	Changes		Unaudited Current Year To-date 31.12.2018 RM'000	Audited Preceding Year Corresponding Period 31.12.2017 RM'000	Changes	
			Amount RM'000	%			Amount RM'000	%
Revenue	5,905	6,142	(237)	(3.9)	10,700	11,421	(721)	(6.3)
Cost of sales	(2,412)	(2,278)	(134)	(5.9)	(4,322)	(4,466)	144	3.2
Gross profit	3,493	3,864	(371)	(9.6)	6,378	6,955	(577)	(8.3)
Other income	280	15	265	1,767	293	92	201	218.5
	3,773	3,879	(106)	(2.7)	6,671	7,047	(376)	(5.3)
Selling and marketing expenses	(318)	(577)	259	44.9	(780)	(1,076)	296	27.5
Administrative expenses	(1,035)	(1,483)	448	30.2	(2,241)	(2,292)	51	2.2
Other expenses	(295)	(307)	12	3.9	(449)	(472)	23	4.9
Finance costs	(18)	(38)	20	52.6	(42)	(122)	80	6.6
Profit before taxation	2,107	1,474	633	42.9	3,159	3,085	74	2.4
Income tax expense	(534)	(480)	(54)	(11.3)	(834)	(813)	(21)	(2.6)
Profit after taxation	1,573	994	579	58.2	2,325	2,272	53	2.3
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	1,573	994	579	58.2	2,325	2,272	53	2.3

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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 31.12.2018 RM'000	Unaudited Preceding Year Corresponding Half Year 31.12.2017 RM'000	Changes		Unaudited Current Year To-date 31.12.2018 RM'000	Audited Preceding Year Corresponding Period 31.12.2017 RM'000	Changes	
			Amount	%			Amount	%
			RM'000	%	RM'000	RM'000	RM'000	%
Profit after taxation/total comprehensive income attributable to:								
- Owners of the Company	1,573	989	584	59.0	2,325	2,272	53	2.3
- Non-controlling interests	-	5	(5)	(100.0)	-	-	-	-
	<u>1,573</u>	<u>994</u>	<u>579</u>	<u>58.2</u>	<u>2,325</u>	<u>2,272</u>	<u>53</u>	<u>2.3</u>
 Earnings per share attributable to the owners of the Company (sen)*	 2.3	 1.5			 3.4	 3.4		

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 year	-	2,325	2,325	-	2,325
Dividend paid	-	(949)	(949)	-	(949)
Balance as at 31.12.2018	<u>9,160</u>	<u>3,904</u>	<u>13,064</u>	<u>-</u>	<u>13,064</u>

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 year	-	2,213	2,213	61	2,274
Issuance of shares under the bonus issue scheme	5,900	(5,900)	-	-	-
Changes in subsidiary's ownership interest that do not result in loss of control	-	(66)	(66)	(84)	(150)
Distribution of dividend	-	(500)	(500)	-	(500)
Balance as at 31.12.2017	<u>6,100</u>	<u>2,528</u>	<u>8,628</u>	<u>-</u>	<u>8,628</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 31.12.2018 RM'000	Audited 31.12.2017 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,159	3,085
Adjustments for:		
Bad debt written off	65	68
Gain on disposal of property and equipment	(79)	(39)
Depreciation of property and equipment	385	338
Unrealised loss/(gain) on foreign exchange	16	62
Interest expense	39	122
Interest income	(57)	(2)
Operating profit before working capital changes	3,528	3,634
Increase/(Decrease) in deferred income	(47)	282
(Decrease)/Increase in receivables	699	(1,194)
Increase/(Decrease) in payables	(234)	377
CASH FROM OPERATIONS	3,946	3,099
Interest paid	(39)	(122)
Interest received	57	2
Income tax refunded	71	81
Income tax paid	(1,110)	(993)
NET CASH FROM OPERATING ACTIVITIES	2,925	2,067
CASH FLOW FROM INVESTING ACTIVITIES		
Additional investment in a subsidiary	-	(150)
Purchase of property and equipment	(614)	(205)
Proceed from share issued	3,060	-
Sale proceeds from disposal of property and equipment	104	391
NET CASH FROM/(FOR) INVESTING ACTIVITIES	2,550	36
CASH FLOW FOR FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	(949)	(500)
Drawdown of hire purchase	200	-
(Repayment to)/Advances from directors	-	(1,408)
Repayment of hire purchase obligations	(90)	(372)
Repayment of term loans	(861)	(207)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(1,700)	(2,487)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	Audited
	31.12.2018	31.12.2017
	RM'000	RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	3,775	(384)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	(258)	126
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>3,517</u>	<u>(258)</u>

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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 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 2016 in Malaysia.

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 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’

Amendments to MFRS 140 - Transfers of Investment Property

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

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) did not have any material impact on the Group's unaudited financial statements except as follows:-

MFRS 9 and Amendments to MFRS 128 (Annual Improvements 2014 - 2016 Cycle)

MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held to maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

MFRS 15 and related Amendments

MFRS 15 requires an entity to recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

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/or 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 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
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 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
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 the financial statements of the Group upon their initial application.

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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 has 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

	← FYE 31 December →			
	Unaudited 2018		Audited 2017	
	RM'000	%	RM'000	%
Revenue				
Educational counselling and student placements	9,290	86.8	10,158	88.9
Provision of technical vocational education and training ("TVET")	1,410	13.2	1,263	11.1
	10,700	100.0	11,421	100.0

(b) By countries

	← FYE 31 December →			
	Unaudited 2018		Audited 2017	
	RM'000	%	RM'000	%
Overseas				
Educational counselling and student placements:				
- <i>Australia</i>	4,162	38.9	4,765	41.7
- <i>United Kingdom</i>	3,625	33.9	3,994	35.0
- <i>Others (New Zealand, Singapore, United States of America and Canada)</i>	748	7.0	577	5.1
	8,535	79.8	9,336	81.8
Local				
Education counselling and student placements	754	7.0	822	7.2
Provision of TVET	1,411	13.2	1,263	11.0
	2,160	20.2	2,085	18.2
	10,700	100.0	11,421	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

There were no material event subsequent to the end of the current financial period.

A9. Changes in the composition of the Group

There were no changes in composition of the Group for the current financial period.

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 2018, the Group registered a revenue and profit before taxation of RM5.91 million and RM2.11 million, as compared to a revenue and profit before taxation of RM6.14 million and RM1.47 million for the six (6) months period ended 31 December 2017.

The decrease in revenue of approximately 3.9% or RM 237,000 was mainly due to the decrease in students counselled and placed at overseas educational institutions. The increase in profit before taxation of approximately 42.9% or RM0.63 million was mainly attributable to the effective cost management and absence of one-off listing expenses in the six (6) months period ended 31 December 2018.

The Group recorded a revenue and profit before taxation of RM10.70 million and RM3.16 million for the current financial year ended ("**FYE**") 31 December 2018, as compared to a revenue and profit before tax of RM11.42 million and RM3.09 million reported in the previous financial year. The decrease in revenue of approximately 6.3% or RM0.72 million was mainly attributable to the drop in students counselled and placed at overseas educational institutions. The increase in profit before taxation of approximately 2.4% or RM 74,000 was mainly contributed by effective cost management and improvement in TVET segment. The profit before taxation of RM3.16 million was arrived at after taking into account part of the one-off listing expenses incurred by the Group in the FYE 31 December 2018 which amounted to RM0.32 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 31.12.2018 RM'000	Audited 31.12.2017 RM'000
Gain on disposal of property and equipment	(79)	(40)
Depreciation of property and equipment	385	338
Unrealised loss/(gain) on foreign exchange	16	62
Listing expenses	319	524
Interest expense	39	122
Interest income	(57)	(2)

B3. Prospects

The group has fully utilised the proceeds raised from the shares issued in conjunction with the listing on LEAP Market of Bursa Securities of RM3.06 million to pay down term loan, upgrade TVET training resources, launch new training programme, set up new counselling centres 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 2019 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.

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 listing on LEAP Market 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	-	740	-	Within 36 months
Repayment of bank borrowings	890	-	821	69*	Within 12 months
Working capital	520	-	656	(136)	Within 24 months
Estimated listing expenses	910	524	319	67*	Immediately
Total	3,060	524	2,536	-	

Note:

* Utilised for working capital purposes.

C3. Material litigation

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

C4. Dividend

On 27 February 2019, the Board has approved the declaration and payment of first single-tier interim dividend of 2.5 sen per ordinary share totalling RM1,695,000 in respect of the financial year ending 31 December 2019. The entitlement to dividend to be determined based on the record of depositories as at 8 March 2019 whilst the payment date has been fixed on 12 March 2019.