



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

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2019

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 30.06.2019 RM'000	Audited 31.12.2018 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	5,759	5,807
Goodwill on consolidation	2,285	2,285
	8,044	8,092
CURRENT ASSETS		
Trade receivables	1,488	2,307
Other receivables, deposits and prepayments	625	585
Current tax assets	368	48
Cash and bank balances	2,822	3,517
	5,303	6,457
TOTAL ASSETS	13,347	14,549
EQUITY AND LIABILITES		
EQUITY		
Share capital	9,160	9,160
Retained profits	2,510	3,776
Equity attributable to owners of the Company	11,670	12,936
TOTAL EQUITY	11,670	12,936
NON-CURRENT LIABILITIES		
Hire purchase payables	120	140
Term loans	299	307
Deferred taxation	11	11
TOTAL NON-CURRENT LIABILITIES	430	458

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

	Unaudited	Audited
	30.06.2019	31.12.2018
	RM'000	RM'000
EQUITY AND LIABILITIES (CONT'D)		
CURRENT LIABILITIES		
Trade payables	110	189
Other payables and accruals	409	324
Hire purchase payables	40	41
Term loans	18	19
Bank overdrafts	-	-
Current tax liabilities	-	9
Deferred income	670	573
	<hr/> 1,247	<hr/> 1,155
TOTAL LIABILITIES	<hr/> 1,677	<hr/> 1,613
TOTAL EQUITY AND LIABILITIES	<hr/> 13,347	<hr/> 14,549
Net assets per share attributable to the equity holders of the Company (sen)*	17.21	19.08

Notes:

* 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 30.06.2019 RM'000	Unaudited Preceding Year Corresponding Half Year 30.06.2018 RM'000	Changes		Unaudited Current Year To-date 30.06.2019 RM'000	Unaudited Preceding Year Corresponding Period 30.06.2018 RM'000	Changes	
			Amount RM'000	%			Amount RM'000	%
Revenue	4,414	4,795	(381)	(7.9)	4,414	4,795	(381)	(7.9)
Cost of sales	(2,291)	(1,910)	(381)	(19.9)	(2,291)	(1,910)	(381)	(19.9)
Gross profit	2,123	2,885	(762)	(26.4)	2,123	2,885	(762)	(26.4)
Other income	37	13	24	184.6	37	13	24	184.6
	2,160	2,898	(738)	(25.5)	2,160	2,898	(738)	(25.5)
Selling and marketing expenses	(409)	(462)	53	11.5	(409)	(462)	53	11.5
Administrative expenses	(1,016)	(1,206)	190	15.8	(1,016)	(1,206)	190	15.8
Other expenses	(103)	(154)	51	33.1	(103)	(154)	51	33.1
Finance costs	(10)	(24)	14	58.3	(10)	(24)	14	58.3
Profit before taxation	622	1,052	(430)	(40.9)	622	1,052	(430)	(40.9)
Income tax expense	(193)	(300)	107	35.7	(193)	(300)	107	35.7
Profit after taxation	429	752	(323)	(42.9)	429	752	(323)	(42.9)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	429	752	(323)	(42.9)	429	752	(323)	(42.9)

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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 30.06.2019 RM'000	Unaudited Preceding Year Corresponding Half Year 30.06.2018 RM'000	Changes		Unaudited Current Year To-date 30.06.2019 RM'000	Unaudited Preceding Year Corresponding Period 30.06.2018 RM'000	Changes	
			Amount RM'000	%			Amount RM'000	%
Profit after taxation/total comprehensive income attributable to:								
- Owners of the Company	429	752	(323)	(42.9)	429	752	(323)	(42.9)
Earnings per share attributable to the owners of the Company (sen)*	0.6	1.1			0.6	1.1		

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 1.1.2019	9,160	3,776	12,936	-	12,936
Profit after taxation/Total comprehensive income for the financial year	-	429	429	-	429
Dividend paid	-	(1,695)	(1,695)	-	(1,695)
Balance as at 30.06.2019	9,160	2,510	11,670	-	11,670

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	-	752	752	-	752
Dividend paid	-	(949)	(949)	-	(949)
Balance as at 30.06.2018	9,160	2,331	11,491	-	11,491

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 30.06.2019 RM'000	Unaudited 30.06.2018 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	622	1,052
Adjustments for:		
Depreciation of property and equipment	184	180
Unrealised gain on foreign exchange	(43)	(13)
Interest expense	10	18
Interest income	(36)	(25)
Operating profit before working capital changes	737	1,212
Increase in deferred income	97	190
Decrease in receivables	823	1,634
Increase / (Decrease) in payables	6	(1,035)
CASH FROM OPERATIONS	1,663	2,001
Interest paid	(10)	(18)
Interest received	36	25
Income tax refunded	6	70
Income tax paid	(529)	(416)
NET CASH FROM OPERATING ACTIVITIES	1,166	1,662
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(136)	(417)
Proceed from share issued	-	3,060
NET CASH FROM/(FOR) INVESTING ACTIVITIES	(136)	2,643
CASH FLOW FOR FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	(1,695)	(949)
Drawdown of hire purchase	-	199
Repayment of hire purchase obligations	(21)	(43)
Repayment of term loans	(9)	(897)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(1,725)	(1,690)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	Unaudited
	30.06.2019	30.06.2018
	RM'000	RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(695)	2,615
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	3,517	(257)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<hr/> 2,822	<hr/> 2,358 <hr/>

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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 2018 and the accompanying explanatory notes attached to this unaudited financial statement.

- 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 period, 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 16 Leases

IC Interpretation 23 Uncertainty over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 - 2017 Cycles

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 period.

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
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 References to the Conceptual Framework in MFRS Standards	1 January 2020

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

There were no changes in the debt and equity securities for the current financial period.

A6. Dividend paid

First Interim single tier tax exempt dividend of 2.5 sen per ordinary share amounting to RM 1,695,000 in respect of the financial year ending 31 December 2019 was paid on 12 March 2019.

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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

	← FPE 30 June →			
	Unaudited 2019		Unaudited 2018	
	RM'000	%	RM'000	%
Revenue				
Educational counselling and student placements	3,822	86.6	4,018	83.8
Provision of technical vocational education and training ("TVET")	592	13.4	777	16.2
	4,414	100.0	4,795	100.0

(b) By countries

	← FPE 30 June →			
	Unaudited 2019		Unaudited 2018	
	RM'000	%	RM'000	%
Overseas				
Educational counselling and student placements:				
- <i>Australia</i>	2,373	53.8	2,456	51.2
- <i>United Kingdom</i>	779	17.7	842	17.6
- <i>Others (New Zealand, Singapore, United States of America and Canada)</i>	321	7.2	277	5.8
	3,473	78.7	3,575	74.6
Local				
Education counselling and student placements	349	7.9	443	9.2
Provision of TVET	592	13.4	777	16.2
	941	21.3	1,220	25.4
	4,414	100.0	4,795	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 30 June 2019, the Group registered a revenue and profit before taxation of RM4.41 million and RM0.62 million respectively, as compared to a revenue and profit before taxation of RM4.80 million and RM1.05 million respectively for the six (6) months period ended 30 June 2018.

The decrease in revenue of approximately 7.9% or RM 381,000 was mainly due to the changes in the composition of students counselled and placed at overseas and local educational institutions, less favourable foreign exchange rates and lower enrolments at TVET segment. The decrease in profit before taxation of approximately 40.9% or RM0.43 million was mainly attributable to the higher referral expenses, advertising and promotion expenditure and new branch office rental costs in the six (6) months period ended 30 June 2019.

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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 30.06.2019 RM'000	Unaudited 30.06.2018 RM'000
Depreciation of property and equipment	184	180
Unrealised gain on foreign exchange	(43)	(13)
Listing expenses	-	319
Interest expense	10	18
Interest income	(36)	(25)

B3. Prospects

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 profitable.

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

During the year, the Company has entered into a Sale and Purchase Agreement dated 12 April 2019 with a third party for the acquisition of a 2-storey shop office located at Johor Bahru, Johor. Presently, the transaction is still pending completion.

C2. Material litigation

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

C3. Dividend

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