



JM EDUCATION GROUP BERHAD
Registration No.:199201018821 (250325-T)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 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 31.12.2019 RM'000	Audited 31.12.2018 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	7,534	5,807
Goodwill on consolidation	1,541	2,285
	<u>9,075</u>	<u>8,092</u>
CURRENT ASSETS		
Trade receivables	2,070	2,307
Other receivables, deposits and prepayments	365	585
Current tax assets	-	48
Cash and bank balances	2,749	3,517
	<u>5,184</u>	<u>6,457</u>
TOTAL ASSETS	<u>14,259</u>	<u>14,549</u>
EQUITY AND LIABILITES		
EQUITY		
Share capital	9,160	9,160
Retained profits	2,602	3,776
Equity attributable to owners of the Company	<u>11,762</u>	<u>12,936</u>
TOTAL EQUITY	<u>11,762</u>	<u>12,936</u>
NON-CURRENT LIABILITIES		
Hire purchase payables	100	140
Term loans	288	307
Lease liabilities	173	-
Deferred taxation	11	11
TOTAL NON-CURRENT LIABILITIES	<u>572</u>	<u>458</u>

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

	Unaudited	Audited
	31.12.2019	31.12.2018
	RM'000	RM'000
EQUITY AND LIABILITIES (CONT'D)		
CURRENT LIABILITIES		
Trade payables	89	189
Other payables and accruals	500	324
Hire purchase payables	40	41
Term loans	20	19
Lease liabilities	331	-
Current tax liabilities	99	9
Deferred income	846	573
	<hr/> 1,925	<hr/> 1,155
TOTAL LIABILITIES	2,497	1,613
TOTAL EQUITY AND LIABILITIES	<hr/> 14,259	<hr/> 14,549
Net assets per share attributable to the equity holders of the Company (sen)*	17.35	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	Audited Preceding Year Corresponding Half Year	Changes		Unaudited Current Year To-date	Audited Preceding Year Corresponding Period	Changes	
	31.12.2019	31.12.2018	Amount	%	31.12.2019	31.12.2018	Amount	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	5,181	5,905	(724)	(12.3)	9,596	10,669	(1,073)	(10.1)
Cost of sales	(2,367)	(2,412)	45	1.9	(4,657)	(4,309)	(348)	(8.1)
Gross profit	2,814	3,493	(679)	(19.4)	4,939	6,360	(1,421)	(22.3)
Other income	48	280	(232)	(82.9)	86	174	(88)	(50.6)
	2,862	3,773	(911)	(24.1)	5,025	6,534	(1,509)	(23.1)
Selling and marketing expenses	(217)	(318)	101	31.8	(627)	(780)	153	19.6
Administrative expenses	(430)	(1,035)	605	58.5	(1,447)	(2,110)	663	31.4
Other expenses	(1,303)	(295)	(1,008)	(341.7)	(1,407)	(450)	(957)	(212.7)
Finance costs	(116)	(18)	(98)	(544.4)	(126)	(42)	(84)	(200.0)
Profit before taxation	796	2,107	(1,311)	(62.2)	1,418	3,152	(1,734)	(55.0)
Income tax expense	(637)	(534)	(103)	(19.3)	(830)	(813)	(17)	(2.1)
Profit after taxation	159	1,573	(1,414)	(89.9)	588	2,339	(1,751)	(74.9)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	159	1,573	(1,414)	(89.9)	588	2,339	(1,751)	(74.9)

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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 31.12.2019 RM'000	Audited Preceding Year Corresponding Half Year 31.12.2018 RM'000	Changes		Unaudited Current Year To-date 31.12.2019 RM'000	Audited Preceding Year Corresponding Period 31.12.2018 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	159	1,573	(1,414)	(89.9)	588	2,339	(1,751)	(74.9)
Earnings per share attributable to the owners of the Company (sen)*	0.2	2.3			0.9	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	Total Equity RM'000
			to Owners of the Company 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	-	588	588	588
Changes in accounting policies	-	(75)	(75)	(75)
Investment written off		8	8	8
Dividend paid	-	(1,695)	(1,695)	(1,695)
Balance as at 31.12.2019	<u>9,160</u>	<u>2,602</u>	<u>11,762</u>	<u>11,762</u>

The Group	Share Capital RM'000	Retained Profits RM'000	Attributable	Total Equity RM'000
			to Owners of the Company RM'000	
Balance at 1.1.2018	6,100	2,528	8,628	8,628
Changes in accounting policies		(142)	(142)	(142)
Balance at 1.1.2018 (restated)	<u>6,100</u>	<u>2,386</u>	<u>8,486</u>	<u>8,486</u>
Issuance of new shares	3,060	-	3,060	3,060
Profit after taxation/Total comprehensive income for the financial year	-	2,339	2,339	2,339
Dividend paid	-	(949)	(949)	(949)
Balance as at 31.12.2018	<u>9,160</u>	<u>3,776</u>	<u>12,936</u>	<u>12,936</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 31.12.2019 RM'000	Audited 31.12.2018 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,418	3,152
Adjustments for:		
Depreciation of property and equipment	364	385
Bad debt written off	-	66
Changes in accounting policies	(7)	-
Goodwill impairment	744	-
Loss / (Gain) on disposal of property and equipment	1	(79)
Unrealised (gain) / loss on foreign exchange	(87)	16
Reversal of impairment (gain) / loss on trade receivables	(8)	(25)
Interest expense	19	42
Interest income	(66)	(57)
Operating profit before working capital changes	2,378	3,500
Increase / (Decrease) in deferred income	273	(16)
Decrease in receivables	545	699
Increase / (Decrease) in payables	114	(233)
CASH FROM OPERATIONS	3,310	3,950
Interest paid	(19)	(42)
Interest received	66	57
Income tax refunded	30	-
Income tax paid	(736)	(1,040)
NET CASH FROM OPERATING ACTIVITIES	2,651	2,925
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,666)	(413)
Proceed from disposal of property and equipment	1	104
Proceed from share issued	-	3,060
NET CASH FROM/(FOR) INVESTING ACTIVITIES	(1,665)	2,751
CASH FLOW FOR FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	(1,695)	(949)
Repayment of hire purchase obligations	(20)	(90)
Repayment of term loans	(39)	(862)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(1,754)	(1,901)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	Audited
	31.12.2019	31.12.2018
	RM'000	RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(768)	3,775
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	3,517	(258)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<hr/> 2,749	<hr/> 3,517 <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

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

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 financial statements other than the new recognition, measurement, presentation and disclosure of MFRS 16. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method.

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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/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)

MFRS 17 Insurance Contracts

Effective Date

1 January 2021

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Deferred

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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 ended 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

	← FYE 31 Dec →			
	Unaudited 2019		Audited 2018	
	RM'000	%	RM'000	%
Revenue				
Educational counselling and student placements	8,443	88.0	9,259	86.8
Provision of technical vocational education and training ("TVET")	1,153	12.0	1,410	13.2
	9,596	100.0	10,669	100.0

(b) By countries

	← FYE 31 December →			
	Unaudited 2019		Audited 2018	
	RM'000	%	RM'000	%
Overseas				
Educational counselling and student placements:				
- <i>Australia</i>	3,660	38.1	4,131	38.7
- <i>United Kingdom</i>	3,225	33.6	3,625	34.0
- <i>Others (New Zealand, Singapore, United States of America and Canada)</i>	691	7.2	748	7.0
	7,576	78.9	8,504	79.7
Local				
Education counselling and student placements	867	9.1	755	7.1
Provision of TVET	1,153	12.0	1,410	13.2
	2,020	21.1	2,165	20.3
	9,596	100.0	10,669	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 was no material event subsequent to the end of the current financial period.

A9. Changes in the composition of the Group

On 2nd December 2019, the company had applied to the Companies Commission of Malaysia ("CCM") to strike off wholly-owned subsidiary, JM Education Counselling Centre (Sabah) Sdn. Bhd. from the register pursuant to Section 550 of the Companies Act 2016 ("Proposed Striking Off").

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 2019, the Group registered a revenue and profit before taxation of RM5.2 million and RM0.8 million respectively, as compared to a revenue and profit before taxation of RM5.9 million and RM2.1 million respectively for the six (6) months period ended 31 December 2018.

The decrease in revenue of approximately 12.3% or RM0.7 million 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 62.2% or RM1.3 million was mainly attributable to the drop in revenue in the six (6) months period ended 31 December 2019 as explained above. The inclusion of goodwill impairment of RM0.7 million on investment in subsidiary also contributed to the decrease in profit before taxation.

The Group recorded a revenue and profit before taxation of RM9.6 million and RM1.4 million for the current financial year ended ("FYE") 31 December 2019, as compared to a revenue and profit before tax of RM10.7 million and RM3.2 million respectively as reported in the previous financial year. The decrease in revenue of approximately 10.1% or RM1.1 million was mainly attributable to the lower commission per student counselled and placement at overseas and local educational institutions. Placement at local educational institutions constituted 25.6% of total student numbers in financial year ended 31 December 2019 compared to 19.2% in financial year ended 31 December 2018. Lower student intakes at TVET segment also contributed to drop in overall revenue. The decrease in profit before taxation of approximately 55% or RM1.7 million was mainly attributed to lower revenue as reported above as well as higher referral fee expenses, advertising and promotion expenditure and new branch office rental costs. The profit before taxation of RM1.4 million was arrived at after taking into account one-off goodwill impairment incurred by the Group in the FYE 31 December 2019 which amounted to RM0.7 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 31.12.2019 RM'000	Audited 31.12.2018 RM'000
Loss / (gain) on disposal of property and equipment	1	(79)
Goodwill impairment	744	-
Depreciation of property and equipment	364	385
Unrealised (gain) / loss on foreign exchange	(87)	16
Listing expenses	-	319
Interest expense	19	42
Interest income	(66)	(57)

B3. Prospects

Barring any unforeseen circumstances, the Board of Directors of the Company ("Board") is of the opinion that the Group's financial performance for the financial year ending 31 December 2020 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

On 27 February 2020, the Board has approved the declaration and payment of first single-tier interim dividend of 3 sen per ordinary share totalling RM2,034,000 in respect of the financial year ending 31 December 2020. The entitlement to dividend to be determined based on the record of depositories as at 9 March 2020 whilst the payment date has been fixed on 13 March 2020.