



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

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2020

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 30.06.2020 RM'000	Audited 31.12.2019 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	6,721	6,865
Right-of-use assets	694	875
Goodwill on consolidation	1,541	1,541
	<u>8,956</u>	<u>9,281</u>
CURRENT ASSETS		
Trade receivables	666	2,070
Other receivables, deposits and prepayments	184	202
Contract assets	195	162
Current tax assets	192	17
Cash and bank balances	1,923	2,749
	<u>3,160</u>	<u>5,200</u>
TOTAL ASSETS	<u>12,116</u>	<u>14,481</u>
EQUITY AND LIABILITES		
EQUITY		
Share capital	9,160	9,160
Retained profits	1,198	2,673
Equity attributable to owners of the company	<u>10,358</u>	<u>11,833</u>
TOTAL EQUITY	<u>10,358</u>	<u>11,833</u>
NON-CURRENT LIABILITIES		
Term loans	288	287
Lease liabilities	408	308
Deferred taxation	11	11
TOTAL NON-CURRENT LIABILITIES	<u>707</u>	<u>606</u>

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

	Unaudited	Audited
	30.06.2020	31.12.2019
	RM'000	RM'000
EQUITY AND LIABILITIES (CONT'D)		
CURRENT LIABILITIES		
Trade payables	93	390
Other payables and accruals	304	197
Term loans	15	20
Lease liabilities	257	490
Current tax liabilities	-	99
Deferred income	382	846
	<hr/> 1,051	<hr/> 2,042
TOTAL LIABILITIES	1,758	2,648
TOTAL EQUITY AND LIABILITIES	<hr/> 12,116	<hr/> 14,481
Net assets per share attributable to the equity holders of the Company (sen)*	15.28	17.45

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 30.06.2020 RM'000	Unaudited Preceding Year Corresponding Half Year 30.06.2019 RM'000	Changes		Unaudited Current Year To-date 30.06.2020 RM'000	Unaudited Preceding Year Corresponding Period 30.06.2019 RM'000	Changes	
			Amount	%			Amount	%
			RM'000	%	RM'000	RM'000	RM'000	%
Revenue	3,296	4,414	(1,118)	(25.3)	3,296	4,414	(1,118)	(25.3)
Cost of sales	(1,796)	(2,291)	495	21.6	(1,796)	(2,291)	495	21.6
Gross profit	1,500	2,123	(623)	(29.3)	1,500	2,123	(623)	(29.3)
Other income	259	37	222	600.0	259	37	222	600.0
	1,759	2,160	(401)	(18.6)	1,759	2,160	(401)	(18.6)
Selling and marketing expenses	(152)	(409)	257	62.8	(152)	(409)	257	62.8
Administrative expenses	(601)	(1,016)	415	40.8	(601)	(1,016)	415	40.8
Other expenses	(288)	(103)	(185)	(179.6)	(288)	(103)	(185)	(179.6)
Finance costs	(29)	(10)	(19)	(190)	(29)	(10)	(19)	(190)
Profit before taxation	689	622	67	10.8	689	622	67	10.8
Income tax expense	(130)	(193)	63	32.6	(130)	(193)	63	32.6
Profit after taxation	559	429	130	30.3	559	429	130	30.3
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	559	429	130	30.3	559	429	130	30.3

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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	Unaudited Preceding Year Corresponding Half Year	Changes		Unaudited Current Year To-date	Unaudited Preceding Year Corresponding Period	Changes	
	30.06.2020	30.06.2019	Amount	%	30.06.2020	30.06.2019	Amount	%
	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	
Profit after taxation/total comprehensive income attributable to:								
- Owners of the Company	559	429	130	30.3	559	429	130	30.3
Earnings per share attributable to the owners of the Company (sen)*	0.8	0.6			0.8	0.6		

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	Total Equity RM'000
Balance at 1.1.2020	9,160	2,673	11,833	11,833
Profit after taxation/Total comprehensive income for the financial year	-	559	559	559
Dividend paid	-	(2,034)	(2,034)	(2,034)
Balance as at 30.06.2020	<u>9,160</u>	<u>1,198</u>	<u>10,358</u>	<u>10,358</u>

The Group	Share Capital RM'000	Retained Profits RM'000	Attributable to Owners of the Company 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	-	592	592	592
Dividend paid	-	(1,695)	(1,695)	(1,695)
Balance as at 31.12.2019	<u>9,160</u>	<u>2,673</u>	<u>11,833</u>	<u>11,833</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 30.06.2020 RM'000	Audited 31.12.2019 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	689	1,404
Adjustments for:		
Depreciation of property and equipment	157	296
Depreciation of right-of-use assets	341	548
Property and equipment written off	-	7
Impairment loss on goodwill	-	744
(Gain) / Loss on disposal of property and equipment	(12)	1
Unrealised gain on foreign exchange	(132)	(86)
Reversal of impairment gain on trade receivables	-	(9)
Interest expense	29	76
Interest income	(24)	(66)
Operating profit before working capital changes	1,048	2,915
(Increase) / Decrease in contract assets	(33)	119
(Decrease) / Increase in contract liabilities	(464)	273
Decrease in trade and other receivables	1,409	435
(Decrease) / Increase in trade and other payables	(46)	75
CASH FROM OPERATIONS	1,914	3,817
Interest paid	-	(1)
Income tax refunded	-	44
Income tax paid	(403)	(736)
NET CASH FROM OPERATING ACTIVITIES	1,511	3,124
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(13)	(1,664)
Interest income received	24	66
Proceed from disposal of property and equipment	12	1
Proceed from share issued	-	-
NET CASH FOR / (FROM) INVESTING ACTIVITIES	23	(1,597)
CASH FLOW FOR FINANCING ACTIVITIES		
Dividend paid to owners of the Company	(2,034)	(1,695)
Repayment of lease liability	(292)	(506)
Interest paid	(29)	(76)
Repayment of term loans	(5)	(18)
NET CASH FOR FINANCING ACTIVITIES	(2,360)	(2,295)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	Audited
	30.06.2020	31.12.2019
	RM'000	RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(826)	(768)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	2,749	3,517
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<hr/> 1,923	<hr/> 2,749 <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 Group Berhad (“**the Company**”) 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 2019 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 16: COVID-19-Related Rent Concessions

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

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.

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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 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 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	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 MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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 and of the Company 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 the 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

The implementation of Movement Control Order (“**MCO**”) by the Malaysian Government and the restriction on international travels due to Covid-19 pandemic have negatively impacted our businesses.

Other than the above, 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

On 13 March 2020, the Company has paid a single-tier interim dividend of 3 sen per ordinary share totalling RM2,034,000 in respect of the financial year ending 31 December 2020.

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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 2020		Unaudited 2019	
	RM'000	%	RM'000	%
Revenue				
Educational counselling and student placements	2,872	87.1	3,822	86.6
Provision of technical vocational education and training ("TVET")	424	12.9	592	13.4
	3,296	100.0	4,414	100.0

(b) By countries

	← FPE 30 June →			
	Unaudited 2020		Unaudited 2019	
	RM'000	%	RM'000	%
Overseas				
Educational counselling and student placements:				
- <i>Australia</i>	1,871	56.8	2,373	53.8
- <i>United Kingdom</i>	458	13.9	779	17.7
- <i>Others (New Zealand, Singapore, United States of America and Canada)</i>	167	5.1	321	7.2
	2,496	75.8	3,473	78.7
Local				
Education counselling and student placements	376	11.3	349	7.9
Provision of TVET	424	12.9	592	13.4
	800	24.2	941	21.3
	3,296	100.0	4,414	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

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 2020, the Group registered a revenue and profit before taxation of RM3.3 million and RM0.7 million respectively, as compared to a revenue and profit before taxation of RM4.4 million and RM0.6 million respectively for the six (6) months period ended 30 June 2019.

The decrease in revenue of approximately 25.3% or RM1.1 million was mainly due to the drop in the number of students counselled and placed at overseas and local educational institutions as a consequence from the negative impact of COVID-19 pandemic and lower enrolments at TVET segment. Nevertheless, the increase in profit before taxation of approximately 10.8% or RM0.07 million was recorded despite lower revenue in the first half of 2020. This is mainly attributable to the prudent cost management by being cautious in spending and trimming of selling and marketing expenses, as well as cost saving in administrative expenses due to office closure during the MCO period. In addition, the Company also benefited from foreign exchange gains and Socso wage subsidy programme.

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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 30.06.2020 RM'000	Unaudited 30.06.2019 RM'000
Gain on disposal of property and equipment	(12)	-
Depreciation of property and equipment	157	184
Depreciation of right-of-use assets	341	-
Unrealised gain on foreign exchange	(132)	(43)
Interest expense	29	10
Interest income	(24)	(36)

B3. Prospects

The ongoing restriction on international travels and closure of major study destination countries' borders and slow economic recovery as anticipated will negatively impact on the number of students counselled and placed at overseas educational institutions. 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 2020 will remain challenging.

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

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

Other than the single-tier interim dividend of 3 sen per ordinary share totalling RM2,034,000 that had been declared and paid on 13 March 2020, the Board does not propose any further dividend payment for this financial period.