

ASIAMET EDUCATION GROUP BERHAD

(Company No. 746920-M)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2017 - UNAUDITED**

	Current Period Quarter ended		Cumulative Quarter 3 months ended	
	31.03.17 (RM'000)	31.03.16 (RM'000)	31.03.17 (RM'000)	31.03.16 (RM'000)
Continuing operations				
Revenue	4,854	6,492	4,854	6,492
Cost of sale	(4,903)	(4,880)	(4,903)	(4,880)
Gross profit	(49)	1,612	(49)	1,612
Operating expenses	(6,538)	(5,126)	(6,538)	(5,126)
Other operating income	600	562	600	562
Interest expense	(113)	(137)	(113)	(137)
Interest income	33	51	33	51
Loss before taxation	(6,067)	(3,038)	(6,067)	(3,038)
Income tax expense	(1)	(11)	(1)	(11)
Loss from continuing operations	(6,068)	(3,049)	(6,068)	(3,049)
Discontinued operation				
Loss from discontinued operations, net of tax	-	-	-	-
Loss for the period	(6,068)	(3,049)	(6,068)	(3,049)
Other comprehensive expense, net of tax				
Fair value of available-for-sale financial assets	-	-	-	-
Total comprehensive expense for the period	(6,068)	(3,049)	(6,068)	(3,049)
Loss attributable to:-				
Owners of the Company	(6,068)	(3,048)	(6,068)	(3,048)
Non-controlling interests	-	(1)	-	(1)
Loss for the period	(6,068)	(3,049)	(6,068)	(3,049)
Comprehensive (expense) attributable to:-				
Owners of the Company	(6,068)	(3,048)	(6,068)	(3,048)
Non-controlling interests	-	(1)	-	(1)
Total comprehensive (expense) for the period	(6,068)	(3,049)	(6,068)	(3,049)
Basic loss per ordinary share (Sen) :				
from continuing operations	(1.48)	(0.81)	(1.48)	(0.81)
from discontinued operation	-	-	-	-
	(1.48)	(0.81)	(1.48)	(0.81)

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the annual financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

ASIAMET EDUCATION GROUP BERHAD

(Company No. 746920-M)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017 - UNAUDITED**

	As at 31-Mar-17 Unaudited (RM'000)	As at 31-Dec-16 Audited (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	94,825	95,848
Investment Property	20,127	20,649
Total Non-Current Assets	114,952	116,497
CURRENT ASSETS		
Available-for-sale land & buildings	-	-
Receivables, deposits and prepayments	9,390	10,926
Current tax asset	53	53
Cash and cash equivalents	8,810	5,886
Total Current Assets	18,253	16,865
TOTAL ASSETS	133,205	133,362
EQUITY		
Share capital	81,981	81,981
Share premium	144,225	144,225
Treasury shares	-	(12,295)
Retained Earnings/ (Loss)	(111,133)	(98,704)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	115,073	115,207
Non-controlling interests	-	-
TOTAL EQUITY	115,073	115,207
LIABILITIES		
Borrowings (secured)	6,488	7,006
Total Non-Current Liabilities	6,488	7,006
Payables and accruals	9,617	9,149
Borrowings (secured)	2,027	2,000
Income tax payable	-	-
Total Current Liabilities	11,644	11,149
TOTAL LIABILITIES	18,132	18,155
TOTAL EQUITY AND LIABILITIES	133,205	133,362
Net assets per share attributable to owners of the parent (1) (RM)	0.28	0.31

Note:

(1) computed based on the net assets of the Group divided by 409,905,780 outstanding issued Ordinary Shares excluding Treasury Shares

The condensed consolidated statement of financial position should be read in conjunction with the annual financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2017 - UNAUDITED

← Equity Attributable to Owners of the Company →

	Non-distributable				Distributable	Non-Controlling Interests	Total
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	RM'000	
Balance as at 1 January 2017 (audited)	81,981	144,225	(12,295)	-	(98,704)	-	115,207
Loss for the period	-	-	-	-	(6,068)	-	(6,068)
Changes in ownership interest in a subsidiary	-	-	-	-	-	-	-
Disposal of Treasury shares	-	-	12,295	-	(6,361)	-	5,934
Balance as at 31 March 2017	81,981	144,225	-	-	(111,133)	-	115,073

	Non-distributable				Distributable	Non-Controlling Interests	Total
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	RM'000	
Balance as at 1 January 2015 (audited)	81,981	144,225	(12,288)	-	(9,607)	(476)	203,835
Loss for the year	-	-	-	-	(21,879)	(223)	(22,102)
Dividends to owners of the Company	-	-	-	-	(37,608)	-	(37,608)
Own share acquired	-	-	(6)	-	-	-	(6)
Balance as at 31 December 2015/1 January 2016 (audited)	81,981	144,225	(12,294)	-	(69,094)	(699)	144,119
Loss for the year	-	-	-	-	(28,685)	(26)	(28,711)
Changes in ownership interest in a subsidiary	-	-	-	-	(925)	725	(200)
Own share acquired	-	-	(1)	-	-	-	(1)
Balance as at 31 December 2016 (audited)	81,981	144,225	(12,295)	-	(98,704)	-	115,207

The condensed consolidated statement of changes in equity should be read in conjunction with the annual financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2017 - UNAUDITED**

	As at 31-Mar-17 (Unaudited) (RM'000)	As at 31-Dec-16 (Audited) (RM'000)
Cash flows from operating activities		
(Loss)/Profit before tax	(6,067)	(28,701)
Adjustments for:		
Bad debts written off	-	319
Depreciation of:		
- property, plant and equipment	1,405	12,244
- Investment property	522	2,085
Impairment loss on :		
- property, plant and equipment	-	945
- trade receivables	(325)	(188)
Interest expense	113	512
Interest income	(33)	(157)
Gain on disposal of subsidiary	-	(15)
Operating profit/(loss) before changes in working capital	(4,385)	(12,956)
Change in available-for-sale land & buildings, receivables, deposits and prepayments	1,861	12,364
Change in payables and accruals	468	(2,013)
Cash (used in)/generated from operating activities	(2,056)	(2,605)
Income tax paid	(1)	(18)
Income tax refund	-	-
Interest paid	(113)	(512)
Interest received	33	157
Net cash (used in)/generated operating activities	(2,137)	(2,978)
Cash flows from investing activities		
Acquisition of non-controlling interests	-	(200)
Proceeds from disposal of Treasury shares	5,934	-
Disposal of subsidiary	-	(107)
Acquisition of property, plant and equipment	(382)	(868)
Proceeds from disposal of property, plant and equipment	-	38
Net cash generated from investing activities	5,552	(1,137)
Cash flows from financing activities		
Repurchase of treasury shares	-	(1)
Placement of deposits pledged with licensed banks	(5)	(16)
Repayment of borrowings	(491)	(1,909)
Net cash used in financing activities	(496)	(1,926)
Net decrease in cash and cash equivalents	2,919	(6,041)
Cash and cash equivalents at 1 January	5,187	11,228
Cash and cash equivalents at end of reporting period	8,106	5,187

The condensed consolidated statement of cash flows should be read in conjunction with the annual financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)
FOR THE QUARTER ENDED 31 MARCH 2017 - UNAUDITED**

i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise of:

	As at 31-Mar-17 (Unaudited) (RM'000)	As at 31-Dec-16 (Audited) (RM'000)
Deposits placed with licensed banks	5,305	2,199
Cash and bank balances	3,505	3,687
Cash and cash equivalents	8,810	5,886
Less: Deposits pledged with licensed banks	(704)	(699)
Cash and cash equivalents	8,106	5,187

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with applicable disclosure provisions of Main Market Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2016.

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. The adoption of MFRS1 has no impact in the reported financial position and financial performance of the Group.

2. Accounting Policies

The accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those adopted by the Group's in its consolidated audited financial statements for the financial year ended 31 December 2016.

3. Seasonal or Cyclical Factors

The Group does not experience significant fluctuations in operations due to seasonal factors.

4. Unusual Significant Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

5. Changes in Estimates

There were no changes in estimates of amounts reported in prior financial year that had a material effect in the current quarter and year-to-date results.

6. Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter under review, except for the disposal of 33,829,900 treasury shares price ranged from RM0.175 to RM0.185 dated from 17 January 2017 to 20 January 2017 for sales proceeds of RM5,934,283.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**7. Operating Segments**

	Cheras RM'000	Kota Kinabalu RM'000	Kuching RM'000	Pasir Gudang RM'000	Total RM'000
31.03.2017					
Segment (loss)/profit before tax	(4,749)	(138)	180	(689)	(5,396)

Included in the measure of segment (loss)/profit are:

Revenue from external customers	1,549	790	1,052	1,047	4,438
Impairment of property, plant and equipment	-	-	-	-	-
Interest expense	(113)	-	-	-	(113)
Interest income	15	-	-	-	15
Depreciation of property, plant and equipment and investment property	(1,894)	(4)	(5)	(14)	(1,917)

	Cheras RM'000	Kota Kinabalu RM'000	Kuching RM'000	Pasir Gudang RM'000	Total RM'000
31.03.2016					
Segment (loss)/profit before tax	(2,914)	(436)	(543)	933	(2,960)

Included in the measure of segment (loss)/profit are:

Revenue from external customers	2,016	845	627	2,397	5,885
Impairment of property, plant and equipment	-	-	-	-	-
Interest expense	(137)	-	-	-	(137)
Interest income	48	-	-	-	48
Depreciation of property, plant and equipment and investment property	(959)	(2)	(2)	(18)	(981)

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**7. Operating Segment (continued)**

Reconciliations of reportable segment profit or loss, revenue, and other material items

	31.03.2017	31.03.2016
	RM'000	RM'000
Profit or loss		
Total (loss)/profit for reportable segments	(5,396)	(2,960)
Other non-reportable segments	(672)	(78)
Elimination of inter-segment transactions or balance	-	-
Consolidated (loss)/profit before tax	(6,068)	(3,038)
Revenue		
Total revenue for reportable segments	4,438	5,885
Other non-reportable segments	416	607
Consolidated revenue	4,854	6,492
Interest Income		
Total interest income for reportable segments	15	48
Other non-reportable segments	18	3
Consolidated total interest income	33	51
Depreciation of property, plant and equipment		
Total depreciation for reportable segments	(1,917)	(981)
Other non-reportable segments	(10)	(14)
Consolidated total depreciation	(1,927)	(995)

8. Material Subsequent Events

There were no material subsequent events as of the date of this report.

9. Changes in the Composition of the Group

There were no changes of composition of the Group as of the date of this report.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Changes in Contingent Liabilities and Contingent Assets

There were no material contingent liabilities or contingent assets as of the date of this report.

11. Commitments on Capital Expenditure

The capital commitments of the Group as at 31 December 2016 are as follows:

	As at 31.03.2017 (unaudited) RM'000	As at 31.12.2016 (audited) RM'000
Capital commitments		
Property, plant and equipment		
Contracted but not provided for	828	641

12. Related Party Transactions

Related parties are those defined under MFRS 124: Related Party Disclosures. The Directors are of the opinion that there is no new significant related party transactions and balances as of the reporting date.

13. Review of Performance

Asiamet Education Group Berhad (AEGB) recorded Revenues of approximately RM4.8 million and a Loss before Tax of RM6.07 million for the first quarter ended 31 March 2017. The reduction of Revenue compared to first quarter ended 31 March 2016 was caused by 3 factors:

- A non-recurring deferred revenue recognition of RM0.9 million recognized in first quarter ended 31 March 2016.
- The graduation of more than 50% of our pharmacy students in Q4 2016 from the homegrown programme and the discontinued La Trobe programme. The La Trobe programme was discontinued to meet regulatory requirements of AMU's university status.
- Lower subsidiary revenue contribution due to the disposal of Asiamet Executive Education Sdn Bhd.

Direct costs increased marginally due to the investment made for the Full Accreditation Process for both the Medical and Pharmacy programmes. The drop in revenue with an increased cost base caused the gross margins to deteriorate.

Operating costs increased mainly due to depreciation charges which increased by RM1.0 million due to the reclassification of properties categorised as Available-for-Sale Land and Building to Property, Plant and Equipment in the prior year to comply with accounting standards. The net book value of these property assets, excluding Cheras is at a 25% discount compared to the independent market valuation.

The drop in gross profit and increased depreciation charges adversely impacted the Group results causing an increase in losses from RM3.0 million in first quarter ended 31 March 2016 compared to RM6.07 million in first quarter ended 31 March 2017.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. Comparison with Preceding Quarter's Results

The Group's loss in the current quarter amounted to RM6.07 million, a reduction compared to the loss of RM15.3 million incurred in the immediate preceding quarter. In the immediate preceding quarter, the Group reclassified its properties from Available-for-Sale Land and Building to Property, Plant and Equipment that resulted in a one off depreciation charge of RM10.0 million that did not recur in the current quarter.

15. Commentary on Prospects

With an optimal cost base, the management's focus remains on growth, both organically via the growth of student enrollment numbers and via acquisition as evidenced by the conditional share sale agreement the Group entered on 5 December 2016 with SMRT Holdings Berhad and SMR Education Sdn Bhd to acquire 20,000,000 ordinary shares of RM1.00 each of CUCMS Education Sdn Bhd ("CESB"). The management is also committed to pursuing the asset light strategy via asset disposals to enhance the Group's cash position.

16. Variance on Profit Forecast /Profit Guarantee

The Group has not issued any profit forecast or profit guarantee for the current quarter under review.

17. Taxation

	Quarter ended		Cumulative to date	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Income and deferred tax	1	11	1	11

Deferred tax asset is not recognized for unabsorbed tax losses and Investment Tax Allowance because it is not probable that sufficient taxable profit from the qualifying segments will be available against which the benefit can be utilized.

18. Status of Corporate Proposals

There is no further corporate proposal as of the release date of this quarterly result.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

19. Group Borrowings and Debt Securities

Other than as disclosed below, there were no borrowings or debt securities in the Group as at 31 March 2017.

Borrowings (secured)	As at 31.03.2017 (unaudited) RM'000	As at 31.12.2016 (audited) RM'000
Non-current		
Secured term loan (Islamic)	6,488	7,006
	6,488	7,006
Current		
Secured term loan (Islamic)	2,027	2,000
	2,027	2,000
	8,515	9,006

20. Material Litigation

As of the date of this announcement, developments to the material litigations against the Group or taken by the Group include:

A. Kuala Lumpur High Court Suit No. S6-22-96-2007

Masterskill (M) Sdn. Bhd. -v- Kemacahaya Development Sdn. Bhd. (First Defendant), K. Pasupathy (Second Defendant), Chin Yam Meng (Third Defendant), Leong KokOnn (Fourth Defendant) and Syarikat Kemacahaya Sdn. Bhd. (Fifth Defendant)

- Pursuant to the High Court's decision, there were two appeals filed by Pasupathy to the Court of Appeal ("the two Appeals"). The first appeal was dated 21 September 2015, which was an appeal by Pasupathy against the decision by the High Court dated 4 September 2015 (COA Appeal no. W-02(W)-1683-10/2015). The second appeal was dated 16 November 2015 by Pasupathy being an appeal against the award of costs made by the High Court on 16 October 2015 (COA Appeal no. W-02(W)-1946-11/2015).
- Upon application by K.Pasupathy's solicitor, that K.Pasupathy wished to engage a different Counsel, the Court of Appeal had on 18 August 2016 postponed the Hearing for both Appeals to 25 October 2016. The Court of Appeal had on 25 October 2016 fixed the Decision for both the Appeals on 28 October 2016. Following the hearing, and subsequent to filings of affidavits from both sides, another hearing date was fixed on 2.2.2017.
- On the 2 February 2017, the Court of Appeal had dismissed the K.Pasupathy's legal suit in conjunction to restrain the plaintiff for occupying the subject properties and allowed the Plaintiff as the beneficial owner on the subject properties.
- The Plaintiff have since filed their affidavit for leave to appeal to dismiss K.Pasupathy's leave of application to appeal to the Federal Court on the basis that their proposed question is not a question of importance or novelty.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

20. Material Litigation (Cont'd)

B. Kuala Lumpur Sessions Court Summons No: B52NCVC-48-02-2015 Masterskill (M) Sdn. Bhd. -V-Syarikat Bekalan Air Selangor Sdn. Bhd (Defendant)

- The Writ of summons and statement of claim was filed in court on 11 February 2015 in order to recover the sum of RM800,000.00 paid to Syabas.

The plaintiff had on 30 July 2015 obtained summary judgment against the Defendant. The Defendant had appealed against the said judgment. The Defendant's appeal was allowed by the court.

- On 19 August 2016, the Defendant has obtained Summary Judgment for RM615,894.52, interest and cost of RM4,000.00 against the Developer. By obtaining the above Summary Judgment, The Defendant has fulfilled their conditions imposed on them. They are now allowed to use RM615,894.52 (from the agreed Judgment sum of RM688,559.95) towards payment of the outstanding water bill owed by the Developer. Syabas must also refund any excess sum to the Plaintiff, if the judgment obtained against Kemacahaya Development Sdn. Bhd. is less than RM672,313.50. This condition to refund any excess sum is based on plaintiff's letter dated 31 March 2010 addressed to Syabas.
- The plaintiff are now in the midst of determining the shortfall which can be recover from Syabas.

21. Dividends

No dividend was paid or declared during the current quarter.

22. Loss/ (Earnings) per Share

Basic loss/ (earnings) per ordinary share

The basic loss/ (earnings) per ordinary share as at 31 December 2015 is calculated based on the loss attributable to ordinary shareholders and the outstanding number of ordinary shares.

	Current Period		Cumulative Quarter	
	Quarter ended		3 months ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Loss for the period attributable to ordinary equity shareholders (RM'000)	(6,068)	(3,048)	(6,068)	(3,048)
Loss per ordinary share (Sen)	(1.48)	(0.81)	(1.48)	(0.81)

23. Auditors Report on Preceding Annual Financial Statements

There was no qualification to the preceding audited financial statements for the financial year ended 31 December 2016.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**24. Additional notes to the Statement of Comprehensive Income**

	Current Period		Cumulative Quarter	
	Quarter ended		3 months ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Results from operating activities is arrived at after charging:				
• Depreciation of property, plant and equipment	1,406	555	1,406	555
• Depreciation of Investment property	521	440	521	440
• Impairment losses for goodwill and PPE	-	-	-	-
• Impairment of doubtful debts	-	-	-	-
• Interest expense	113	137	113	137
• Loss/(Gain) on disposal of property, plant and equipment	-	-	-	-
• Gain on disposal of available-for-sale land and building	-	-	-	-
• Reversal of provision for doubtful debts	(324)	-	(324)	-
• Property, plant and equipment written off	-	-	-	-
and crediting:				
• Interest income	(33)	(51)	(33)	(51)

25. Disclosure of Realised and Unrealised Profits

	3 months ended	12 months ended
	31.03.2017	31.12.2016
	RM'000	(audited) RM'000
Total retained earnings of Asiamet Education Group Berhad and its subsidiaries		
-Realised	(106,854)	(77,221)
-Unrealised	-	-
Less: Consolidation adjustment	(4,279)	(21,483)
Total	(111,133)	(98,704)

BY ORDER OF THE BOARD