

**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 30 June 2017 - UNAUDITED**

	Current Period Quarter ended		Cumulative Quarter 6 months ended	
	30.06.17 (RM'000)	30.06.16 (RM'000)	30.06.17 (RM'000)	30.06.16 (RM'000)
<b>Continuing operations</b>				
Revenue	5,070	6,120	9,924	12,612
Cost of sale	(4,769)	(4,919)	(9,672)	(9,799)
<b>Gross profit</b>	<b>301</b>	<b>1,201</b>	<b>252</b>	<b>2,813</b>
Operating expenses	(6,169)	(6,434)	(12,706)	(11,560)
Other operating income	587	537	1,187	1,099
Interest expense	(106)	(131)	(220)	(268)
Interest income	41	110	74	161
<b>Loss before taxation</b>	<b>(5,346)</b>	<b>(4,717)</b>	<b>(11,413)</b>	<b>(7,755)</b>
Income tax expense	(3)	(7)	(4)	(18)
<b>Loss from continuing operations</b>	<b>(5,349)</b>	<b>(4,724)</b>	<b>(11,417)</b>	<b>(7,773)</b>
<b>Discontinued operation</b>				
Loss from discontinued operations, net of tax	-	-	-	-
<b>Loss for the period</b>	<b>(5,349)</b>	<b>(4,724)</b>	<b>(11,417)</b>	<b>(7,773)</b>
<b>Other comprehensive expense, net of tax</b>				
Fair value of available-for-sale financial assets	-	-	-	-
<b>Total comprehensive expense for the period</b>	<b>(5,349)</b>	<b>(4,724)</b>	<b>(11,417)</b>	<b>(7,773)</b>
<b>Loss attributable to:-</b>				
Owners of the Company	(5,349)	(4,725)	(11,417)	(7,773)
Non-controlling interests	-	1	-	-
<b>Loss for the period</b>	<b>(5,349)</b>	<b>(4,724)</b>	<b>(11,417)</b>	<b>(7,773)</b>
<b>Comprehensive (expense) attributable to:-</b>				
Owners of the Company	(5,349)	(4,725)	(11,417)	(7,773)
Non-controlling interests	-	1	-	-
<b>Total comprehensive (expense) for the period</b>	<b>(5,349)</b>	<b>(4,724)</b>	<b>(11,417)</b>	<b>(7,773)</b>
<b>Basic loss per ordinary share (Sen) :</b>				
from continuing operations	(1.30)	(1.26)	(2.79)	(2.07)
from discontinued operation	-	-	-	-
	(1.30)	(1.26)	(2.79)	(2.07)

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 30 JUNE 2017 - UNAUDITED**

	<b>As at 30-Jun-17 Unaudited (RM'000)</b>	<b>As at 31-Dec-16 Audited (RM'000)</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	93,665	95,848
Investment Property	19,606	20,649
<b>Total Non-Current Assets</b>	<b>113,271</b>	<b>116,497</b>
<b>CURRENT ASSETS</b>		
Receivables, deposits and prepayments	9,126	10,926
Current tax asset	-	53
Cash and cash equivalents	5,645	5,886
<b>Total Current Assets</b>	<b>14,771</b>	<b>16,865</b>
<b>TOTAL ASSETS</b>	<b>128,042</b>	<b>133,362</b>
<b>EQUITY</b>		
Share capital	226,206	81,981
Share premium	-	144,225
Treasury shares	-	(12,295)
Retained Earnings/ (Loss)	(116,482)	(98,704)
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>109,724</b>	<b>115,207</b>
Non-controlling interests	-	-
<b>TOTAL EQUITY</b>	<b>109,724</b>	<b>115,207</b>
<b>LIABILITIES</b>		
Borrowings (secured)	5,963	7,006
<b>Total Non-Current Liabilities</b>	<b>5,963</b>	<b>7,006</b>
Payables and accruals	10,300	9,149
Borrowings (secured)	2,055	2,000
Income tax payable	-	-
<b>Total Current Liabilities</b>	<b>12,355</b>	<b>11,149</b>
<b>TOTAL LIABILITIES</b>	<b>18,318</b>	<b>18,155</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>128,042</b>	<b>133,362</b>
<b>Net assets per share attributable to owners of the parent (1) (RM)</b>	<b>0.27</b>	<b>0.31</b>

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.



**ASIAMET EDUCATION GROUP BERHAD**

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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 30 JUNE 2017 - UNAUDITED**

	<b>As at 30-Jun-17 (Unaudited) (RM'000)</b>	<b>As at 31-Dec-16 (Audited) (RM'000)</b>
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(11,413)	(28,701)
Adjustments for:		
Bad debts written off	-	319
Depreciation of:		
- property, plant and equipment	2,801	12,244
- Investment property	1,043	2,085
Gain on disposal of subsidiary	-	(15)
Impairment loss on :		
- property, plant and equipment	(87)	945
- trade receivables	(558)	(188)
Interest expense	220	512
Interest income	(74)	(157)
Loss/(Gain) on disposal of property, plant and equipment	72	-
Property, plant and equipment written off	-	-
<b>Operating profit/(loss) before changes in working capital</b>	<b>(7,996)</b>	<b>(12,956)</b>
Change in available-for-sale land & buildings, receivables, deposits and prepayments	2,357	12,364
Change in payables and accruals	1,152	(2,013)
Cash (used in)/generated from operating activities	(4,487)	(2,605)
Income tax paid	49	(18)
Income tax refund	-	-
Interest paid	(220)	(512)
Interest received	74	157
<b>Net cash (used in)/generated operating activities</b>	<b>(4,584)</b>	<b>(2,978)</b>
<b>Cash flows from investing activities</b>		
Acquisition of non-controlling interests	-	(200)
Acquisition of property, plant and equipment	(618)	(868)
Disposal of subsidiary	-	(107)
Proceeds from disposal of property, plant and equipment	15	38
Proceeds from disposal of Treasury shares	5,934	-
<b>Net cash generated from investing activities</b>	<b>5,331</b>	<b>(1,137)</b>
<b>Cash flows from financing activities</b>		
Repurchase of treasury shares	-	(1)
Placement of deposits pledged with licensed banks	-	(16)
Repayment of borrowings	(989)	(1,909)
Uplift of deposits pledged with licensed banks	342	-
<b>Net cash used in financing activities</b>	<b>(647)</b>	<b>(1,926)</b>
Net decrease in cash and cash equivalents	100	(6,041)
Cash and cash equivalents at 1 January	5,187	11,228
<b>Cash and cash equivalents at end of reporting period</b>	<b>5,287</b>	<b>5,187</b>

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 30 JUNE 2017 - UNAUDITED**

## i) Cash and cash equivalents

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

	<b>As at 30-Jun-17 (Unaudited) (RM'000)</b>	<b>As at 31-Dec-16 (Audited) (RM'000)</b>
Deposits placed with licensed banks	1,558	2,199
Cash and bank balances	4,087	3,687
Cash and cash equivalents	5,645	5,886
Less: Deposits pledged with licensed banks	(358)	(699)
Cash and cash equivalents	5,287	5,187

# **ASIAMET EDUCATION GROUP BERHAD**

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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.

**ASIAMET EDUCATION GROUP BERHAD**

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

	<b>Cheras RM'000</b>	<b>Kota Kinabalu RM'000</b>	<b>Kuching RM'000</b>	<b>Pasir Gudang RM'000</b>	<b>Total RM'000</b>
<b>30.06.2017</b>					
<b>Segment (loss)/profit before tax</b>	<b>(8,547)</b>	<b>(169)</b>	<b>(48)</b>	<b>(1,507)</b>	<b>(10,271)</b>

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

Revenue from external customers	3,520	1,822	1,828	2,000	9,170
Impairment of property, plant and equipment	87	-	-	-	87
Interest expense	(220)	-	-	-	(220)
Interest income	28	-	-	-	28
Depreciation of property, plant and equipment and investment property	(3,777)	(9)	(9)	(29)	(3,824)

	<b>Cheras RM'000</b>	<b>Kota Kinabalu RM'000</b>	<b>Kuching RM'000</b>	<b>Pasir Gudang RM'000</b>	<b>Total RM'000</b>
<b>30.06.2016</b>					
<b>Segment (loss)/profit before tax</b>	<b>(6,749)</b>	<b>(827)</b>	<b>(495)</b>	<b>834</b>	<b>(7,237)</b>

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

Revenue from external customers	3,765	1,752	1,488	4,118	11,123
Impairment of property, plant and equipment	-	-	-	-	-
Interest expense	(268)	-	-	-	(268)
Interest income	125	-	30	-	155
Depreciation of property, plant and equipment and investment property	(1,997)	(4)	(4)	(26)	(2,031)

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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

	<b>30.06.2017</b>	<b>30.06.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Profit or loss</b>		
Total (loss)/profit for reportable segments	(10,271)	(7,237)
Other non-reportable segments	(1,146)	(536)
Elimination of inter-segment transactions or balance	-	-
<b>Consolidated (loss)/profit before tax</b>	<b>(11,417)</b>	<b>(7,773)</b>
<b>Revenue</b>		
Total revenue for reportable segments	9,170	11,123
Other non-reportable segments	754	1,489
<b>Consolidated revenue</b>	<b>9,924</b>	<b>12,612</b>
<b>Interest Income</b>		
Total interest income for reportable segments	28	155
Other non-reportable segments	46	6
<b>Consolidated total interest income</b>	<b>74</b>	<b>161</b>
<b>Depreciation of property, plant and equipment</b>		
Total depreciation for reportable segments	(3,824)	(2,031)
Other non-reportable segments	(20)	(28)
<b>Consolidated total depreciation</b>	<b>(3,844)</b>	<b>(2,059)</b>

**8. Material Subsequent Events**

On the 22nd of August 2017, the Group published Notices for an Extraordinary General Meeting and a Court Convened Meeting that will be held at on the 14th of September 2017 to approve if deemed fit the (i) Proposed Acquisition of CUCMS Education Sdn Bhd, (ii) Proposed Exemption of SMR Education Sdn Bhd ("SESB") from the obligation to undertake a mandatory take-over offer to acquire all the remaining shares of AEGB not already owned by SESB (iii) Proposed Share Exchange between Asiamet Education Group Berhad and Minda Global Sdn Bhd (iv) Proposed Transfer of the Listing Status of the AEGB to Minda Global.

**8. Changes in the Composition of the Group**

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

**9. Changes in Contingent Liabilities and Contingent Assets**

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



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### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 10. Commitments on Capital Expenditure

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

	As at 30.06.2017 (unaudited) RM'000	As at 31.12.2016 (audited) RM'000
Capital commitments		
Property, plant and equipment		
Contracted but not provided for	772	641

#### 11. 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.

#### 12. Review of Performance

Asiamet Education Group Berhad (AEGB) recorded revenues of approximately RM5.0 million and a Loss before Tax of RM5.35 million for the second quarter ended 30 June 2017. The Revenue decline compared to the second quarter ended 30 June 2016 was a result of several factors including:

- A drop in student numbers, primarily from the Faculty of Pharmacy due to graduating students.
- An extended academic calendar for the Medical Programme due to a prolonged accreditation process.
- Lower franchising revenue contribution due to the disposal of Asiamet Executive Education Sdn Bhd in Q3 2016.

Direct costs decreased marginally by RM0.15 million reflecting a drop in student related costs. The drop in revenue with a stagnant cost base caused the gross margins to deteriorate.

Operating costs, excluding depreciation, declined by RM1.1 million in line with the Group's cost optimization strategy. However, these savings were offset by increased depreciation charges of RM0.9 million from 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 drop in gross profit driven by a decline in revenues impacted the Group results causing an increase in losses from RM4.7 million in the second quarter ended 30 June 2016 compared to RM5.4 million in the second quarter ended 30 June 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 RM5.4 million, a reduction in losses compared to the loss of RM6.07 million incurred in the immediate preceding quarter. In the immediate preceding quarter, the Group incurred marketing expenses to facilitate student intake of approximately RM0.6 million that did not recur this quarter.

#### **15. Commentary on Prospects**

The management's focus remains on growth, both organically via the growth of student enrollment numbers and via acquisition. The corporate exercise for 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") is projected to complete in fourth quarter 2017. The transaction is expected to enhance the Group's operational and financial position. Further, management continues to pursue the asset light strategy via asset disposals to enhance the Group's cash position as evidenced by the recent disposal of 11 units of shop / office lots held, all located at Section 17, Town of Kota Bharu, District of Jajahan Kota Bharu, State of Kelantan for a cash consideration of RM10,200,000 (exclusive of Goods and Services Tax).

#### **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**

	<b>Quarter ended</b>		<b>Cumulative to date</b>	
	<b>30.06.2017</b>	<b>30.06.2016</b>	<b>30.06.2017</b>	<b>30.06.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Income and deferred tax</b>	<b>3</b>	<b>7</b>	<b>4</b>	<b>18</b>

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.

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### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

#### **18. Status of Corporate Proposals**

On 5 December 2016, Asiamet Education Group Berhad (AEGB) entered into a conditional share sale agreement (“SSA”) with SMRT Holdings Berhad (“SMRT”) and SMR Education Sdn Bhd (“SESB”), collectively referred to as the Vendors, to acquire 20,000,000 ordinary shares of RM1.00 each of CUCMS Education Sdn Bhd (“CESB”) for an aggregate purchase consideration of RM166.0m (“Proposed Acquisition”). The Purchase Consideration is to be fulfilled through the issue and allotment of 830,000,000 new ordinary shares in AEGB (“AEGB Shares”) (“Consideration Shares”) at an issue price of RM0.20 per AEGB share to the Vendors.

After the completion of the Proposed Acquisition, AEGB will re-brand and re-position itself via

- 1) A share exchange of the enlarged number of issued shares of AEGB for new ordinary shares in Minda Global Sdn Bhd (“Minda Global”) on the basis of one (1) Minda Global share for every one (1) AEGB share held (“Proposed Exchange”)
- 2) A Internal Reorganisation (“Internal Reorganisation”) which entails the disposal of:
  - a) CUCMS Education Sdn Bhd ,
  - b) Valencia Education Group Sdn Bhd
  - c) Asiamet (KB) Sdn Bhd
  - d) Asiamet (Kuching) Sdn Bhd
  - e) Asiamet (KK) Sdn Bhd

to Minda Global Sdn Bhd (“Minda Global”) which will facilitate to establish a new corporate structure for the Minda Global Group with SMRT at the helm.

Minda Global will assume the listing status of AEGB, with the listing and quotation of the total number of issued shares of Minda Global on the Main Market of Bursa Securities (“Proposed Transfer of Listing”) .

On 27 December 2016, AEGB entered into a Composite Agreement with Minda Global which sets out the agreed process for the implementation of the Proposed Share Exchange, Internal Reorganisation and Proposed Transfer of Listing.

On 21 April 2017, AEGB entered into the Supplemental SSA with the Vendors to amend and vary the SSA.

On 31 May 2017, AEGB entered into the Supplemental Composite Agreement with Minda Global to amend and vary the Composite Agreement.

On 9 June 2017, Bursa Securities had, vide its letter dated 8 June 2017, granted its approval for the listing of the Consideration Shares on the Main Market of Bursa Securities, subject to the following conditions:

1. AEGB and Maybank Investment Bank Berhad (“Maybank IB”), who are AEGB’s Principal Advisers, must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Acquisition;
2. The admission and listing and quotation of the Consideration Shares must take place upon achieving full compliance of the public shareholding spread requirement;
3. AEGB and Maybank IB will inform Bursa Securities upon the completion of the Proposed Acquisition;

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### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 18. Status of Corporate Proposals (Cont'd)

4. AEGB will furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisition is completed;
5. AEGB will furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed Acquisition; and
6. A confirmation letter from Maybank IB confirming that all approvals from the relevant authorities have been obtained together with a copy each of the approval letter from the relevant authorities as soon as possible before the listing of the Consideration Shares.

On 19 June 2017:

- (a) AEGB and the Vendors had, by way of an exchange of letter dated 19 June 2017, extended the cut-off date of the SSA from 31 May 2017 to 30 August 2017; and
- (b) AEGB and Minda Global had by way of an exchange of letter dated 19 June 2017, extended the cut-off date of the Composite Agreement from 31 May 2017 to 30 August 2017 as well as clarified that the basis of transfer for the Designated Investment(s) shall be RM1.00 in the event such Designated Investment(s) is at a net liability position on the last day of the preceding month of the completion of the disposal of the Designated Investments.

On 8 August 2017:

- (a) AEGB and the Vendors had, by way of an exchange of letter dated 8 August 2017, extended further the cut-off date of the SSA from 30 August 2017 to 30 November 2017; and
- (b) AEGB and Minda Global had, by way of an exchange of letter dated 8 August 2017, extended the cut-off date of the Composite Agreement from 30 August 2017 to 30 November 2017.

#### 19. Group Borrowings and Debt Securities

Other than as disclosed below, there were no borrowings or debt securities in the Group as at 30 June 2017.

<b>Borrowings (secured)</b>	<b>As at 30.06.2017 (unaudited) RM'000</b>	<b>As at 31.12.2016 (audited) RM'000</b>
<b>Non-current</b>		
Secured term loan (Islamic)	5,963	7,006
	<b>5,963</b>	<b>7,006</b>
<b>Current</b>		
Secured term loan (Islamic)	2,055	2,000
	<b>2,055</b>	<b>2,000</b>
	<b>8,018</b>	<b>9,006</b>

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### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

#### **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 the Court of Appeal No. W-02-1683-10/2015 and No. W-02-1946-11/2015**

**K. Pasupathy (Second Defendant -v- Asiamet (M) Sdn. Bhd.**

- In October 2006, AMSB entered into a sale and purchase agreement (“SPA”) with Kemacahaya Development Sdn Bhd (“KDSB”) and Syarikat Kemacahaya Sdn Bhd (“SKSB”) pursuant to which SKSB and KDSB agreed to sell six property units at Jalan Kemacahaya 11, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor (“Six Properties”) to Asiamet (M) Sdn Bhd (“AMSB”) for RM2,000,000.00. The Six Properties are part of AMSB’s current Cheras university campus and KDSB and SKSB were the original developer and proprietor of the Six Properties.
- Upon the advice of their lawyer, AMSB withheld payment of the balance purchase price for the Six Properties under the SPA due to a dispute with KDSB and SKSB. In November 2006, after AMSB had lodged a caveat over the Six Properties, KDSB sought to terminate the SPA and repossess the Six Properties to Pasupathy A/L Kanagasaby (“K. Pasupathy”), who then sought possession of the Six Properties.
- At the same time, two individuals, Chin Yam Meng (“CYM”) and Leng Kok Onn (“LKO”) entered the premises of AMSB’s Cheras university campus, claiming to be the lawful owners of the Six Properties due to arrangements that they had made with Megatalent Sdn Bhd (“Megatalent”) in 2004, pursuant to which Megatalent had purportedly assigned its rights to the Six Properties to CYM and LKO. By way of background, prior to the execution of the SPA, Megatalent had been KDSB and SKSB’s marketing agent for a number of properties, including the Six Properties to Megatalent. However, the agreements pursuant to which these properties were assigned or sold to Megatalent were subsequently rescinded and the caveats which CYM and LKO had lodged over the Six Properties were removed in July 2006 prior to AMSB entering the SPA.
- In January 2007, AMSB filed an application to the Kuala Lumpur High Court against KDSB, SKSB, K. Pasupathy, CYM and LKO seeking, among others, a declaration that the SPA is still valid and subsisting, an interlocutory injunction to restrain KDSB and SKSB from terminating the SPA, and an injunction against CYM and LKO from entering premises of Cheras university campus.
- After the commencement of proceedings, AMSB engaged in out of court discussions with KDSB and SKSB and in May 2007, KDSB, SKSB and AMSB agreed to settle the claims. Pursuant to the settlement agreement, AMSB entered into a new sale and purchase agreement with KDSB and SKSB to purchase the Six Properties for RM2,800,000. With respect to AMSB’s proceedings against KDSB and SKSB, consent judgment was recorded on 14 July 2009 wherein KDSB and SKSB confirmed that AMSB is the beneficial and legal owner of the Six Properties.

## **ASIAMET EDUCATION GROUP BERHAD**

(Company No. 746920-M)  
(Incorporated in Malaysia)

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

#### **20. Material Litigation (Cont'd)**

##### **A. Kuala Lumpur the Court of Appeal No. W-02-1683-10/2015 and No. W-02-1946-11/2015**

- In August 2009, K. Pasupathy filed an application to set aside the aforesaid consent judgment. His application was dismissed with costs on 18 February 2010. On 15 March 2010, K. Pasupathy filed an appeal against the decision on 18 February 2010. On 7 January 2014, the said appeal came up for hearing and it was allowed.
- On 8 November 2011, K. Pasupathy filed an application to remove the caveat. On 29 February 2012, the said application was dismissed with costs. On 5 March 2012, K. Pasupathy filed an appeal against the decision on 29 February 2012. On 7 January 2014, the said appeal came up for hearing and it was dismissed.
- With respect to the proceedings against K. Pasupathy, after AMSB filed their original application, K. Pasupathy filed a counterclaim against AMSB seeking vacant possession of the Six Properties. On 25 June 2008, AMSB filed an application to strike out this counterclaim, which was rejected by the court on 13 May 2009 and appealed by AMSB. On 7 January 2014, the said appeal came up for hearing and the appeal was allowed.
- With respect to the proceedings against CYM and LKO, on 6 August 2008, AMSB withdrew their injunction application against them upon receipt of an undertaking by them not to enter the premises of AMSB's Cheras university campus until the resolution of the proceedings.
- The Court had allowed AMSB's intervener's application to intervene into a related suit no. S6-22-589-2008 on 29 September 2011. K. Pasupathy filed an appeal against the decision on 29 September 2011. The said appeal was dismissed on 4 November 2011. On 8 November 2011, K. Pasupathy filed an appeal at the Court of Appeal against the decision on 4 November 2011 and the appeal was subsequently withdrawn.
- On 19 October 2011, AMSB filed an application to set aside the judgment dated 29 April 2010 which was obtained by K. Pasupathy in a related suit no. S6-22-589-2008. The said application was dismissed on 18 January 2012. AMSB filed an appeal at Court of Appeal against the decision on 18 January 2012. On 7 January 2014, the said appeal came up for hearing and it was allowed. The matter is now consolidated with the earlier suit no. S6-22-96-2007.

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### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

#### **20. Material Litigation (Cont'd)**

##### **A. Kuala Lumpur the Court of Appeal No. W-02-1683-10/2015 and No. W-02-1946-11/2015**

- The trial of the consolidated suits was part heard on 17 February 2015 and adjourned by the High Court for continued trial on 6 and 7 April 2015 and 6 and 7 May 2015. The High Court has fixed 5 August 2015 for clarification/decision. On 4 September 2015 the High Court granted inter alia the declaration that AMSB was the legal and beneficial owner of the Six Properties, and on 16 October 2015 heard submissions on costs and granted RM200,000.00 in costs to AMSB. K. Pasupathy filed appeals against the decisions on 4 September 2015 (of which the Court had, on an application by K. Pasupathy, allowed a limited stay of the decision pending appeal) and 16 October 2015, which were heard on 25 October 2016 and are now pending decision. The matters came up for decision on 2 February 2017 at the Court of Appeal, whereby, based on the verbal pronouncement of the Court of Appeal, it was found that: (1) K. Pasupathy does not have a valid claim for ownership of the subject properties; (2) in respect of AMSB's claim for ownership of the subject properties, the Court of Appeal did not make a finding on the merits either way; (3) the issue of AMSB's claim for ownership of the subject properties is a live issue between AMSB on the one part, and SKSB on the other part; and (4) AMSB may demand that SKSB transfer the ownership of the subject properties to AMSB, failing which AMSB may file a fresh claim against SKSB and KDSB and/ or apply for leave to appeal to the Federal Court. Following that, both K. Pasupathy and AMSB made an application for leave to appeal against the decision of the Court of Appeal to the Federal Court. The Federal Court however dismissed both parties' respective leave applications on the ground that the case was decided on its particular facts. The Federal Court further made no order as to costs and ordered that the deposits in each application be refunded to the respective applicants.
- AMSB's solicitor has since issued a Notice of Demand to K. Pasupathy's solicitor for the removal of the private caveat lodged by K. Pasupathy.
- AMSB's solicitor has also issued a Notice of Demand to K. Pasupathy's solicitor for costs arising from the consolidated suits, pursuant to the respective High Court and Court of Appeal orders. K. Pasupathy's solicitor has yet to revert with any response to these demands which were made.

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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)**

- On 23 December 2014, Syabas issued a letter of demand to Asiamet Malaysia for RM800,000.00 being the outstanding sum failed to be paid by KDSB for the water supply for Lot 253, 254, 1196, 1920, 330, Batu 10, Jalan Kemacahaya 7, 43100 Hulu Langat, Selangor Darul Ehsan. On 11 February 2015, Asiamet Malaysia filed and served a writ of summons and statement of claim to Syabas. On 24 February 2015, Syabas filed and served their memorandum of appearance and subsequently filed their statement of defence on 18 March 2015. Asiamet Malaysia filed their reply on 2 April 2015.
- On 10 April 2015, Asiamet Malaysia filed and served the notice of application for summary judgement. On 30 July 2015, the said application was allowed with costs of RM2,000.00 to be paid by Syabas to Asiamet Malaysia.
- On 12 August 2015, Syabas filed and served their notice of appeal against the decision on 30 July 2015. The said appeal came up for hearing on 7 March 2016. On 7 March 2016, the High Court allowed Syabas' appeal and set aside Asiamet Malaysia's summary judgment and further remitted the said matter to the Sessions Court for full trial.
- On 19 August 2016, Syabas obtained a summary judgment against KDSB for the following:-
  - a sum of RM615,894.52 as at 4 December 2009 being the outstanding amount failed to be paid by KDSB for the water supply for Lot Nos 253, 254, 1196, 1920, 330, Batu 10, Jalan Kemacahaya 7, 43100 Hulu Langat, Selangor Darul Ehsan; and
  - an interest of 5% per annum from the date of 4 December 2009 until full settlement of RM615,894.52, being the principal judgment sum.
  - The directors of Asiamet Malaysia have been advised by their solicitors to either maintain the action for the difference for the sum claimed or to withdraw the suit. This amount is derived as follows:
    - i) Amount paid to the client on 31 March 2010 is RM800,000.00.
    - ii) Principal Judgment Sum is RM615,894.52.
    - iii) Interest from 4 December 2009 till 31 March 2010 @ 5% is RM9,871.19.
    - iv) Separate water meter, etc : RM 91,440.05.
    - v) Therefore, the differential sum is  $RM800,000.00 - (RM615,894.52 + RM9,871.19) - RM91,440.05 = RM 82,794.24$ .
    - vi) This sum of RM82,794.24 is the amount which ought to be refunded to Asiamet Malaysia.
- The hearing dates for this trial has been fixed for 20 and 21 July 2017 at the Kuala Lumpur Sessions Court. However, the court proceeded to vacate the hearing date of this suit and has fixed the next case management date as 1 August 2017.

#### **21. Dividends**

No dividend was paid or declared during the current quarter.



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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****22. Loss/ (Earnings) per Share****Basic loss/ (earnings) per ordinary share**

The basic loss/ (earnings) per ordinary share as at 31 December 2016 is calculated based on the loss attributable to ordinary shareholders and the outstanding number of ordinary shares.

	Current Period Quarter ended		Cumulative Quarter 6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Loss for the period attributable to ordinary equity shareholders (RM'000)	(5,349)	(4,725)	(11,417)	(7,773)
Loss per ordinary share (Sen)	(1.30)	(1.26)	(2.79)	(2.07)

**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.

**24. Additional notes to the Statement of Comprehensive Income**

	Current Period Quarter ended		Cumulative Quarter 6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Results from operating activities is arrived at after charging:				
• Depreciation of property, plant and equipment	1,396	553	2,801	1,108
• Depreciation of Investment property	521	511	1,043	951
• Impairment losses for goodwill and PPE	(87)	-	(87)	-
• Interest expense	106	131	220	268
• Loss/(Gain) on disposal of property, plant and equipment	72	7	72	7
• Reversal of provision for doubtful debts	(232)	-	(558)	-
and crediting:				
• Interest income	(41)	(110)	(74)	(161)

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****25. Disclosure of Realised and Unrealised Profits**

	<b>6 months ended</b>	<b>12 months ended</b>
	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>(audited)</b>
		<b>RM'000</b>
<b>Total retained earnings of Asiamet Education Group Berhad and its subsidiaries</b>		
-Realised	(112,203)	(77,221)
-Unrealised	-	-
Less: Consolidation adjustment	(4,279)	(21,483)
<b>Total</b>	<b>(116,482)</b>	<b>(98,704)</b>

**BY ORDER OF THE BOARD**