

ASIAMET EDUCATION GROUP BERHAD

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017 - UNAUDITED**

	Current Period Quarter ended		Cumulative Quarter 12 months ended	
	31.12.17 (RM'000)	31.12.16 (RM'000)	31.12.17 (RM'000)	31.12.16 (RM'000)
Revenue	5,668	5,003	19,777	22,619
Cost of sales	(5,588)	(4,694)	(20,994)	(19,301)
Gross profit/(loss)	80	309	(1,217)	3,318
Operating expenses	(9,435)	(15,800)	(28,673)	(34,096)
Other operating income	118	554	1,329	2,432
Interest expense	(109)	(119)	(429)	(512)
Interest income	12	13	107	157
Loss before taxation	(9,334)	(15,043)	(28,883)	(28,701)
Income tax expense	-	-	(7)	(10)
Net loss for the period	(9,334)	(15,043)	(28,890)	(28,711)
Loss attributable to the owners of the Company	(9,334)	(15,043)	(28,890)	(28,711)
<i>Comprehensive expense attributable to:-</i>				
Owners of the Company	(9,334)	(15,043)	(28,890)	(28,685)
Non-controlling interests	-	-	-	(26)
Total comprehensive loss for the period	(9,334)	(15,043)	(28,890)	(28,711)
Basic loss per ordinary share (Sen)				
	(2.05)	(3.67)	(6.86)	(7.63)

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 financial statements.

ASIAMET EDUCATION GROUP BERHAD

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017 - UNAUDITED**

	As at 31.12.17 Unaudited (RM'000)	As at 31.12.16 Audited (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	84,354	95,848
Investment property	18,851	20,649
Intangible asset	131,038	-
Total Non-Current Assets	234,243	116,497
CURRENT ASSETS		
Asset held for sales	10,200	-
Receivables, deposits and prepayments	46,237	10,926
Current tax asset	539	53
Cash and cash equivalents	3,164	5,886
Total Current Assets	60,140	16,865
TOTAL ASSETS	294,383	133,362
EQUITY		
Share capital	379,756	81,981
Share premium	-	144,225
Treasury shares	-	(12,295)
Accumulated losses	(133,955)	(98,704)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	245,801	115,207
LIABILITIES		
Deferred tax liabilities	473	-
Borrowings (secured)	2,306	7,006
Total Non-Current Liabilities	2,779	7,006
Payables and accruals	43,631	9,149
Borrowings (secured)	2,172	2,000
Total Current Liabilities	45,803	11,149
TOTAL LIABILITIES	48,582	18,155
TOTAL EQUITY AND LIABILITIES	294,383	133,362
Net assets per share attributable to owners of the parent ⁽¹⁾ (RM)	0.20	0.31

Note:

(1) computed based on the net assets of the Group divided by 1,239,905,780 (2016: 376,075,880 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 financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017 - UNAUDITED

← Equity Attributable to Owners of the Company →

	← Non-distributable →			Accumulated Losses RM'000	Non- Controlling Interests RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000			
Balance as at 1 January 2017 (audited)	81,981	144,225	(12,295)	(98,704)	-	115,207
Loss for the year	-	-	-	(28,890)	-	(28,890)
Disposal of Treasury shares	-	-	12,295	(6,361)	-	5,934
Transfer to share capital	144,225	(144,225)	-	-	-	-
Issuance of shares	153,550	-	-	-	-	153,550
Balance as at 31 December 2017	379,756	-	-	(133,955)	-	245,801

	← Non-distributable →			Accumulated Losses RM'000	Non- Controlling Interests RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares 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 financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017 - UNAUDITED**

	As at 31.12.17 (Unaudited) (RM'000)	As at 31.12.16 (Audited) (RM'000)
Cash flows from operating activities		
Loss before tax	(28,883)	(28,701)
Adjustments for:		
Bad debts written off	-	319
Depreciation of:		
- property, plant and equipment	5,333	12,244
- Investment property	1,798	2,085
Gain on disposal of subsidiary	-	(15)
(Reversal of impairment)/Impairment loss on :		
- property, plant and equipment	189	945
- trade receivables	(1,654)	(188)
Interest expense	429	512
Interest income	(107)	(157)
Loss on disposal of property, plant and equipment	12	-
Operating loss before changes in working capital	(22,883)	(12,956)
Change in receivables, deposits and prepayments	2,429	12,364
Change in payables and accruals	7,827	(2,013)
Cash used in operating activities	(12,627)	(2,605)
Income tax paid	(7)	(18)
Income tax refund	53	-
Interest paid	(429)	(512)
Interest received	107	157
Net cash used in operating activities	(12,903)	(2,978)
Cash flows from investing activities		
Acquisition of non-controlling interests	-	(200)
Acquisition of a subsidiary	502	-
Acquisition of property, plant and equipment	(639)	(868)
Disposal of subsidiary	-	(107)
Deposit received of assets held for sale	8,908	-
Proceeds from disposal of property, plant and equipment	89	38
Proceeds from disposal of Treasury shares	5,934	-
Net cash generated from/(used in) investing activities	14,794	(1,137)
Cash flows from financing activities		
Repurchase of treasury shares	-	(1)
Placement of deposits pledged with licensed banks	336	(16)
Repayment of borrowings	(4,613)	(1,909)
Net cash used in financing activities	(4,277)	(1,926)
Net decrease in cash and cash equivalents	(2,386)	(6,041)
Cash and cash equivalents at 1 January	5,187	11,228
Cash and cash equivalents at 31 December	2,801	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 financial statements.

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i) Cash and cash equivalents

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

	As at 31.12.17 (Unaudited) (RM'000)	As at 31.12.16 (Audited) (RM'000)
Deposits placed with licensed banks	363	2,199
Cash and bank balances	2,801	3,687
Cash and cash equivalents	3,164	5,886
Less: Deposits pledged with licensed banks	(363)	(699)
Cash and cash equivalents	2,801	5,187

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation

The financial statements are unaudited and have been prepared in compliance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2016. All figures are stated in RM thousand, unless otherwise stated.

2. Accounting Policies

(i) Adoption of MFRSs, Amendments to MFRSs and IC Interpretations

On 1 January 2017, the Group adopted the following amended MFRS:-

- Amendments to MFRS 12 Disclosure of Interests in Other Entities (Annual Improvements 2014 – 2016 Cycle)
- Amendments to MFRS 107 Statement of Cash Flow - Disclosure initiative
- Amendments to MFRS 112 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses

Adoption of the above amendments did not have a material effect on the financial statements of the Group.

(ii) Standards Issued but not yet Effective

The Group has not early adopted the following amended MFRS that are not yet effective:

Effective for annual period beginning on or after 1 January 2018

- Amendments to MFRS 1 First Time Adoption of Financial Reporting Standards (Annual Improvements 2014 – 2016 Cycle)
- Amendments to MFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 128 Investment in Associates and Joint Ventures (Annual Improvements 2014 – 2016 Cycle)
- Amendments to MFRS 140 Investment Properties : Transfer of Investment Property
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- MFRS 9: Financial instruments
- MFRS 15: Revenue from Contracts with Customers
- MFRS 16: Leases

Deferred

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures
- (2011) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. Accounting Policies (Continued)

(iii) MFRS Framework

The Group will also adopt MFRS 15 Revenue from Contracts with Customers which is effective on 1 January 2018. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new revenue standard will supersede all current revenue recognition requirements under the MFRS Framework. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, with early adoption permitted. At the date of these financial statements, the Group has not completed its quantification of the financial effects on the financial statements of the differences arising from the adoption of MFRS 15. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the financial years ended 31 December 2016 and 31 December 2017 could be different if prepared under the MFRS Framework.

The Group is in the process of assessing the impact of the new pronouncements that are yet to be adopted, including MFRS 9, MFRS 15 and MFRS 16. MFRS 16 Leases was issued by MASB on 15 April 2016 and is applicable to annual periods beginning on or after 1 January 2019.

3. Auditors' Report on Preceding Annual Financial Statements

The audit report of the preceding audited financial statements was not qualified.

4. Seasonal or Cyclical Factors

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

5. Unusual Significant Items

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

6. Changes in Estimates

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

7. Debt and Equity Securities

In December 2017, the Company issued 830,000,000 new shares at an issue price of RM0.20 per share for acquisition of the entire issued and paid-up share capital of CUCMS Education Sdn Bhd ("CESB"), comprising 20,000,000 ordinary shares in CESB for an aggregate purchase consideration of RM166.0million.

There were no other issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the current quarter under review.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**8. Operating Segments**

	Cheras RM'000	Pasir Gudang RM'000	Kota Kinabalu RM'000	Kuching RM'000	Total RM'000
31.12.2017					
Segment loss before tax	(23,164)	(2,504)	(224)	(474)	(26,366)

Included in the measure of segment loss are:

Revenue from external customers	6,362	4,525	4,017	3,229	18,133
Impairment of property, plant and equipment	(87)	-	-	-	(87)
Interest expense	(429)	-	-	-	(429)
Interest income	45	-	-	-	45
Depreciation of property, plant and equipment and investment property	(6,003)	(63)	(1,324)	(18)	(7,408)

	Cheras RM'000	Pasir Gudang RM'000	Kota Kinabalu RM'000	Kuching RM'000	Total RM'000
31.12.2016					
Segment loss before tax	(18,838)	(1,377)	(5,747)	(970)	(26,932)

Included in the measure of segment loss are:

Revenue from external customers	7,949	5,877	3,308	3,325	20,459
Impairment of property, plant and equipment	(1)	-	(958)	14	(945)
Interest expense	(512)	-	-	-	(512)
Interest income	157	-	-	-	157
Depreciation of property, plant and equipment and investment property	(10,284)	(56)	(3,569)	(11)	(13,920)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**8. Operating Segment (continued)**

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

	31.12.2017 RM'000	31.12.2016 RM'000
Profit or loss		
Total loss for reportable segments	(26,366)	(26,932)
Other non-reportable segments	(2,524)	(1,105)
Elimination of inter-segment transactions or balance	-	(674)
Consolidated loss before tax	(28,850)	(28,711)
Revenue		
Total revenue for reportable segments	18,133	20,459
Other non-reportable segments	1,644	2,160
Consolidated revenue	19,777	22,619
Interest income		
Total interest income for reportable segments	45	157
Other non-reportable segments	62	-
Consolidated total interest income	107	157
Depreciation of property, plant and equipment and investment property		
Total depreciation for reportable segments	(7,308)	(13,920)
Other non-reportable segments	(177)	(409)
Consolidated total depreciation	(7,131)	(14,329)

9. Material Subsequent Events

There were no material subsequent events as of the date of this report except for disposal of 11 units of shop / office lots held under all that parcels of land known as HS(D) 3554 PT 310 to HS(D) 3564 PT 320, all located at Section 17, Town of Kota Bharu, District of Jajahan Kota Bharu, State of Kelantan which was announced in 14 August 2017. The disposal was completed in January 2018.

10. Changes in the Composition of the Group

The changes in composition of the Group as described in Status of Corporate Proposal in Note 18 of this Report.

11. 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 FINANCIAL STATEMENTS

12. Commitments on Capital Expenditure

The capital commitments of the Group as at 31 December 2017 are as follows:

	As at 31.12.2017 (unaudited) RM'000	As at 31.12.2016 (audited) RM'000
Capital commitments		
Property, plant and equipment		
Contracted but not provided for	25,675	641

13. Review of Performance

For the 4th quarter of year 2017, the Group recorded revenue of RM5.7 million and loss before taxation of RM9.3 million, an improvement of 13% and 38% respectively, as compared to the corresponding period in 2016 ("previous corresponding period"). The Group incurred a negative earnings before interest, tax, depreciation and amortisation ("EBITDA") of RM7.8 million compared to RM4.1 million in the previous corresponding period.

The increase in revenue during the 4th quarter as compared to the previous corresponding period mainly due to increase in MBBS revenues in line with increase in active MBBS students.

The reduction of losses for the 4th quarter as compared to the previous corresponding period was mainly due to lower depreciation in the 4th quarter as a result of the accelerated depreciation charged in the previous corresponding period.

The Group's year to date 2017 revenue is RM19.7 million and loss before taxation of is RM28.9 million, decrease of 16% and increase of 1% respectively, as compared to the year to date 2016.

The decrease in revenue as compared to the year ended 31 December 2016 was mainly as a result of several factors including:

- Lower student enrolment mainly due to more stringent entry requirements imposed for certain Health Sciences programmes.
- Delay in receiving the KDN licence which delayed sales and marketing efforts in securing international students. The license was only obtained in September 2017.
- Delays in obtaining the Accreditation Certificate for Bachelors of Pharmacy and Bachelors of Medicine and Surgery ("MBBS") programmes.

The slight increase of loss before taxation compared to the year ended 31 December 2016 was mainly due to the increase of the operating costs such as accreditations and corporate exercises related expenses. The effects were however reduced by decrease in depreciation charges in 2017. In 2016, accelerated depreciation charged due to reclassification of properties from Available-for-Sale Land and Building to Property, Plant and Equipment.

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14. Comparison with Preceding Quarter's Results

The Group registered a revenue of RM5.7 million and a loss before taxation of RM9.6 million in the current quarter, increase of 44% and 14% respectively, as compared to the previous quarter. This is largely attributable to the higher revenue during last quarter of the year and an increase in advertising and marketing related expenses.

15. Commentary on Prospects

The turnaround of AEGB is taking longer than previously envisaged. As part of the turnaround, several initiatives have been undertaken or are in the process of being implemented, some of which necessitated higher investments. Such activities are expected to drive future student recruitment activities, which results may not be fully seen in the near term.

The key strategic initiatives which have been implemented include the following:

- Changes in leadership which include the appointments of a new Vice Chancellor, Deputy Vice Chancellor-Academics, Deputy Vice Chancellor -International; Deputy Vice Chancellor-Student Affairs, Bursar and Head of Marketing and Enrolment.
- Investments to secure the accreditation of the MBBS and Pharmacy programmes in October 2017. The Group overcame a legacy issue (non accreditation of these programmes) that resulted in the Group being unable to take in students for the MBBS programme, which adversely affected the financial results in 2016 and 2017.
- Secured a 3-year lease in a new campus in Cyberjaya, with better access and facilities. All works have been completed and a full move is pending regulatory approval.
- Obtained the KDN licence which enables recruitment of international students.

The management's focus remains on growth, both organically and via acquisition. The key strategic initiatives which are in the process of being implemented are as follows:

- Apart from the recently added focus on international student recruitment activities, efforts are being undertaken to widen programme offerings in Business and Information Technology verticals, which are expected to be launched in second quarter of 2018, subject to receipt of relevant approvals.
- The corporate exercise involving, inter-alia, the acquisition of 100% of Cyberjaya University College of Medical Sciences ("CUCMS") which has been completed end of December 2017. Please refer to Note 18 of this Report for further information.

The benefits from the said acquisition include the following:

- Acquisition of a profitable complementary education business.
- Leverages on CUCMS' brand name and experience, which has a Tier-5 (Excellent) SETARA Rating and is one of the international medical schools listed in the World Directory of Medical Schools.
- Extends AEGB's geographical reach as CUCMS focuses on 3 major regions namely ASEAN, Middle-East and the Indian sub-continent.
- Leverages on a wider strategic alliance with other educational bodies and marketing resources, both domestically and internationally.

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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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Income tax	-	-	7	19

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

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 RM166.0 million ("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 the following :

- 1) A share exchange of the enlarged number of issued shares of AEGB for new ordinary shares in Minda Global Berhad ("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) CESB
 - b) Valencia Education Group Sdn Bhd
 - c) Asiamet (KB) Sdn Bhd
 - d) Asiamet (Kuching) Sdn Bhd
 - e) Asiamet (KK) Sdn Bhd

to 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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. Status of Corporate Proposals (Cont'd)

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;
- 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:

- (c) 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
- (d) 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.

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18. Status of Corporate Proposals (Cont'd)

On 14 September 2017, the shareholders of AEGB had at an Extraordinary General Meeting ("EGM"), approved the following:

- (a) Proposed Acquisition
- (b) Proposed Exemption to SESB and the persons acting in concert with it ("PACs") from the obligation to undertake a mandatory take-over offer to acquire all the remaining AEGB shares not already owned by SESB and the PACs after the Proposed Acquisition pursuant to paragraph 4.08(1)(A) of the Rules ("Proposed Exemption")
- (c) Proposed Exchange; and
- (d) Proposed Transfer of Listing

The shareholders of AEGB had also approved the Proposed Exchange in the Court Convened Meeting ("CCM") held on the even date.

On 12 October 2017, the Securities Commission approved the Proposed Exemption by AEGB.

On 27 December 2017, the Proposed Acquisition was completed.

On 14 February 2018, the Proposed Exchange was completed.

On 19 February 2018, the Proposed Transfer of Listing was completed.

19. Group Borrowings and Debt Securities

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

Borrowings (secured)	As at 31.12.2017 (unaudited) RM'000	As at 31.12.2016 (audited) RM'000
Non-current		
Secured term loan (Islamic)	2,306	7,006
Current		
Secured term loan (Islamic)	2,172	2,000
	4,478	9,006

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20. Material Litigations

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. 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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. Material Litigations (Cont'd)

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. (cont'd)

- 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 FINANCIAL STATEMENTS

20. Material Litigations (Cont'd)

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. (cont'd)

- 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. 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.

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 AMSB 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, AMSB 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. AMSB filed their reply on 2 April 2015.
- On 10 April 2015, AMSB 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 AMSB.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. Material Litigations (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) (cont'd)

- 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 AMSB'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 AMSB 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 AMSB.
- The hearing date for this trial was fixed for 20 and 21 July 2017 at the Kuala Lumpur Sessions Court. However, on 23 June 2017, the Defendant's solicitor filed and served their application for stay to vacate the trial dates till the hearing dates which will be heard on 23 August 2017 (Originating summons proceedings at the Shah Alam High Court Winding Up Court [Winding Up Petition No: 28-365-09/2012]).
- The stay application came up for Hearing on 19 July 2017 and the Court has allowed the Defendant's application. As such, the Court has fixed a further case management on 24 August 17 for the Defendant's solicitor to update the Sessions Court on the status of the Intervener's (Konami) application.
- This case came up for case management before the Sessions Court Judge on 10 November 2017. According to the Defendant's solicitors, the Honorable Judge at the Shah Alam High Court [in respect of the Originating Summons filed by the Liquidators for KDSB reserved his decision and fixed 24 November 2017 for his decision.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**20. Material Litigations (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) (cont'd)**

- As such the matter is fixed for further case management on 28 November 2017 for the Defendant's solicitors to update the Sessions Court Judge on the Shah Alam High Court decision in respect of the Originating Summons filed by the Liquidators for KDSB.
- On 24 November 2017, Shah Alam High Court ruled that Syabas is entitled to the sum of RM739,205.76, and further that the sum of RM60,794.24 is to be paid to Liquidator, despite our demand for a sum of RM62,794.24.
- On 30 November 2017, the management withdrew the case against Syabas.

21. Dividends

No dividend was paid or declared during the current quarter.

22. Loss per Share**Basic loss per ordinary share**

The basic loss per ordinary share for the current quarter and year is calculated based on the loss attributable to ordinary shareholders and the weighted average of number of ordinary shares.

	Current Period		Cumulative Quarter	
	Quarter ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Loss for the period attributable to ordinary equity shareholders (RM'000)	(9,334)	(15,043)	(28,890)	(28,711)
Loss per ordinary share (Sen)	(2.05)	(3.67)	(6.86)	(7.63)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**23. Additional notes to the Statement of Comprehensive Income**

	Current Period		Cumulative Quarter	
	Quarter ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Results from operating activities is arrived at after charging/(crediting):				
• Depreciation of property, plant and equipment	1,127	10,586	5,333	12,244
• Depreciation of investment property	310	658	1,798	2,085
• Impairment losses for property plant and equipment	276	968	189	945
• Interest expense	60	119	429	512
• Loss/(Gain) on disposal of property, plant and equipment	87	(7)	12	-
• Reversal of impairment of receivables	(1,654)	(1,413)	(1,654)	(188)
• Interest income	(12)	(13)	(107)	(157)

BY ORDER OF THE BOARD