

ANNUAL REPORT

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BOARD OF DIRECTORS

Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar ("Tan Sri Dato' Dr R Palan") Chairman

Mr Malayandi @ Kalaiarasu **Executive Director**

Tuan Haji Ishak Bin Hashim Independent Non-Executive Director

Mr Leow Nan Chve Independent Non-Executive Director

Dato' (Dr) Asariah Binti Mior Shaharuddin Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr Leow Nan Chye Chairman & Independent Non-Executive Director

Tuan Haji Ishak Bin Hashim Independent Non-Executive Director

Dato' (Dr) Asariah Binti Mior Shaharuddin Independent Non-Executive Director

NOMINATION COMMITTEE

Tuan Haji Ishak Bin Hashim Chairman & Independent Non-Executive Director

Mr Leow Nan Chye Independent Non-Executive Director

Dato' (Dr) Asariah Binti Mior Shaharuddin Independent Non-Executive Director

REMUNERATION COMMITTEE

Tuan Haji Ishak Bin Hashim Chairman & Independent Non-Executive Director

Mr Leow Nan Chye Independent Non-Executive Director

Mr Malayandi @ Kalaiarasu **Executive Director**

COMPANY SECRETARIES

Ms Wong Youn Kim (MAICSA 7018778) Ms Yip Siew Cheng (MAICSA 7006780) **HMC Corporate Services Sdn Bhd** Level 2. Tower 1. Avenue 5 Bangsar South City 59200 Kuala Lumpur

Telephone : +603 2241 5800 Facsimile : +603 2282 5022

EXTERNAL AUDITORS

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Telephone : +603 2297 1000 Facsimile : +603 2282 9980

Website : www.bakertillymh.com.my Email : lock@bakertillymh.com.my Partner-in-charge: Dato' Lock Peng Kuan

REGISTERED & CORPORATE OFFICE

Suite 2A-23-1, Block 2A, Level 23 Plaza Sentral, Jalan Stesen Sentral 5

50470 Kuala Lumpur

: +603 2279 9199 Telephone Facsimile : +603 2279 9099 Website : www.smrhub.com Email : info@smrhrgroup.com Contact person: Ms Winnie Ow

REGISTRAR

Insurban Corporate Services Sdn Bhd 149 Jalan Aminuddin Baki Taman Tun Dr Ismail 60000 Kuala Lumpur

Telephone : +603 7729 5529 Facsimile : +603 7728 5948

PRINCIPAL BANKERS

Malayan Banking Berhad AmBank (M) Berhad Bank Islam Malaysia Berhad





SOLICITOR

Kadir Andri & Partners Level 10, Menara BRDB 285 Jalan Maarof Bukit Bandaraya 59000 Kuala Lumpur

: +603 2780 2888 Telephone Facsimile : +603 2780 2832 Website : www.kaaplaw.com : jhashim@kaaplaw.com Email Contact person: Mr Julian Mahmud Hashim

STOCK EXCHANGE LISTING

ACE Market

Bursa Malaysia Securities Berhad

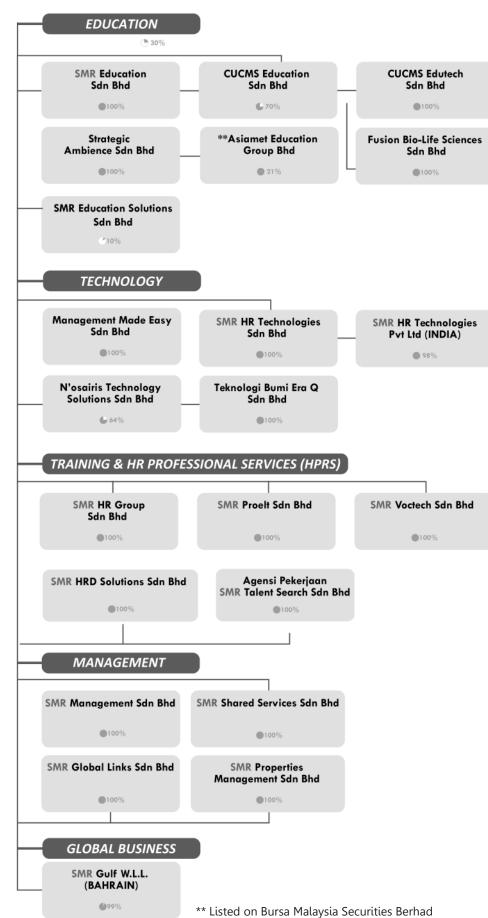
Stock name • SMRT Stock code • 0117

INVESTOR RELATIONS

Website : www.smrhub.com Email : investors@smrhub.com



GROUP CORPORATE STRUCTURE As at 31st March 2017









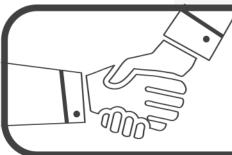
OUR LEARNING SOLUTIONS



Education

- Tertiary Education
- International School





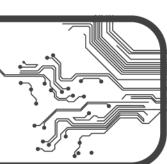
Talent Development

HR Professional Services

- Training
- Conference
- Consulting
- The Asia HRD Awards

Talent Technology

- Cloud based Human Capital Management
- Internet of Things (IoT)



——— CORPORATE SOCIAL RESPONSIBILITIES ("CSR")



The Group acknowledges the importance and significance of Corporate Social Responsibility ("CSR") and had undertaken various CSR initiatives during the financial year, summarised as follows:-

WORKPLACE

The Group recognises that the skills and knowledge of its employees are critical to the success of the organisation. The Group provides on-the-job training, in-house training programmes or external training programmes to employees to enable employees to maintain and improve job-related skills and to enhance their ability to compete for reasonably attainable jobs within the Group.

ENVIRONMENT

Apart from contributing to the community in terms of economic value, the Group acknowledges its role in preserving and conserving the environment. The Group seeks to implement more green initiatives within our communities.







COMMUNITY

The Group had made donations to various non-profit organisation(s) and/or education institution(s) as well as participated in several fund-raising events for the purpose of assisting the less fortunate communities. Part of the activities were as follows:-

LE TOUR D' NORTHERN REGION (SUNATHON)

The Le Tour D' Northern Region team went to Pulau Pinang and Langkawi for their activation. 40 kids from each location joined the Sunathon session and it was a successful event. Some of the kids went through the circumcision process using the Solehring, a circumcision device invented by Dr. Salleh from CUCMS.

CUCMS ACHEH HOLISTIC MEDICINE AWARENESS PROGRAMME (CHARMS)

CHARMS 2016 aimed to develop students in communication, clinical and management skills. It created the spirit of responsiveness and team work whilst exposing students to the work of a healthcare professional.





















LAOS INTERNATIONAL FAMILY ENDEAVOUR (LIFE)

LIFE 2016 is a CUCMS student-based humanitarian mission which focused on medical related activities and other charity programmes in an effort to improve the lives of the people in Vientiane, Laos. With the theme "Loving the Country, Learning the Culture and Lending a Hand", the participants focused on providing health services, medical care, education and welfare support.

KARNIVAL SIHAT PAGOH

Passion To Care Group organised 'Karnival Sihat' at Kampung Semaseh, Pagoh. The objective was to educate the villagers by providing free health checkups and counselling. The checkups conducted were to gather information on their lifestyles and provide the right recommendations as well as advice on lifestyle and medicine consumption.

KARNIVAL MESRA UBAT (KAMU)

Karnival Mesra Ubat also known as KAMU, enabled the local community to better understand aspects of health and medicine in general and specifically for the members of community.

This event was held in Baling, Kedah.





	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
COMPREHENSIVE INCOME					
Revenue Profit / (loss) before tax	81,462 (33,354)	101,095 (27,659)	121,864 12,134	52,398 10,273	61,445 10,018
Profit / (loss) after tax ("PAT")	(35,862)	(30,079)	7,025	8,250	8,568
KEY FINANCIAL POSITIONS					
Total assets	97,017	126,169	122,284	63,398	53,485
Total liabilities	60,844	65,315	43,237	3,591	6,124
Cash & cash equivalents	5,164	9,468	16,923	4,013	7,102
Total borrowings	42,017	49,435	21,764	1,894	3,364
Issued and paid up capital	29,735	26,029	23,517	19,478	17,536
Shareholders' fund	33,582	60,727	78,916	59,682	47,282
SHARE INFORMATION					
Net earnings / loss per share (basic) (sen)	(13.31)	(12.15)	2.61	4.68	5.18
Net earnings/ loss per share (diluted) (sen)	(13.31)	(12.15)	2.00	3.88	5.12
Net assets per share (sen)	0.12	0.23	33.61	30.70	27.01
Market capitalisation @ 31/12/2016	52,037	71,581	150,512	42,852	45,595
Share price as at 31/12/2016	0.175	0.275	0.640	0.220	0.260
FINANCIAL RATIOS					
Return on total asset(%)	-34.38%	-21.92%	9.92%	16.20%	18.73%
Gearing ratio (times)	1.08	0.60	0.03	N/A	N/A
Price to earnings ratio (times)	(1.31)	(2.26)	24.52	4.70	5.02



O BOARD OF DIRECTORS



Tan Sri Dato' Dr R. Palan Chairman

Tuan Haji Ishak Bin Hashim Independent Non-Executive Director

Dato' (Dr) Asariah Mior Shaharuddin Independent Non-Executive Director

Leow Nan Chye Independent Non-Executive Director

Malayandi @ Kalaiarasu Executive Director

SENIOR MANAGEMENT TEAM

EDUCATION & TRAINING

1. Prof. Dato' Dr Mohamad bin Abd Razak

- President, Cyberjaya University College of Medical Sciences

CORPORATE SERVICES

1. Dato' Hj Abd Rashid bin Mohd Sharif

- Group Chief Executive Officer

HR PROFESSIONAL SERVICES (HRPS)

- 1. Zalina Mat Zin
- 2. Karen Ong
- 3. Gurit Kaur Sohan Singh
- 4. Jayasree Gopalakrishnan

- Senior Manager, Operations, English Language Training
- Director & Master Trainer
- Head of Training
- Head of Consulting

TECHNOLOGY

- 1. R. Muralidharan
- 2. Stalin V Kamaraj

- Chief Technology Officer, Management Made Easy
- Chief Executive Officer, N'osairis Technology Solutions



O PROFILE OF DIRECTORS



TAN SRI DATO' DR R PALAN B.Sc., M.A., M.Sc., Ph.D., A.P.T., FBILD (UK) P.S.M., D.P.M.P. (Perak), J.B.K. (Kuching) Chairman

Tan Sri Dato' Dr R. Palan, a Malaysian, aged 61, male, is the Founder of SMR Group. He was appointed to the Board on 13th August 2004.

An alumnus of the Harvard Business School, Tan Sri studied in India, UK, USA and Australia. His core interests revolve around helping people learn and perform. He has worked in a variety of positions and industries in different countries for several progressive large organisations. The author of 16 books, he has a strong business and technological orientation.

Raised in an entrepreneurial family, Tan Sri has long demonstrated a passion for entrepreneurship. His core focus on education related ventures has been the theme of his entrepreneurial achievements. Tan Sri founded Yayasan Palan to support Corporate Social Responsibility ("CSR") initiatives and his voluntary contributions include serving on non-profit organisations both governmental and private.

Tan Sri attended all the five (5) Board meetings held during the financial year ended 31st December 2016.

Tan Sri has no directorship in any other public listed company. Tan Sri is a substantial shareholder of the Company and he has no direct family relationship with any other Director in SMRT Holdings Berhad, other than Mr Malayandi @ Kalaiarasu, who is his nephew. He is a Director in Special Flagship Holdings Sdn Bhd, a substantial shareholder of the Company. Other than those disclosed in Note 5 on Page 48 (Recurrent Related Party Transactions of a revenue or trading nature) of this Annual Report, Tan Sri has no conflict of interest with the Company. Tan Sri has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



TUAN HAJI ISHAK BIN HASHIM Independent Non-Executive Director

Tuan Haji Ishak, a Malaysian, aged 74, male, was appointed to the Board on 5th October 2005. Tuan Haji Ishak is the Chairman of the Nomination Committee and Remuneration Committee and is a member of the Audit and Risk Management Committee of the Company.

Tuan Haji Ishak graduated with a Masters Degree in Education from Stanford University, USA in 1972 and has a Bachelor of Arts (Hons) degree from University Malaya in 1967.

He started his career serving the Ministry of Education as a teacher, Secondary School Headmaster and an Education Officer for thirteen (13) years before embarking into the private sector holding various senior positions in the Human Resource and Administrative Department in several public listed companies such as Malaysian Tobacco Company Ltd, Malayan Banking Berhad, Tractors Malaysia Berhad, Boustead Holdings Berhad, Iris Berhad and Affin Bank Berhad. Tuan Haji Ishak also served as a Councillor of Shah Alam Town Council (1983 -1987), Chairman of Koperasi Tunas Muda ("KTM") Penang (1999-2001), Chairman of TAP Resources Berhad (2000 – 2001) and is a fellow of the Malaysian Institute of Human Resources Malaysia ("MIHRM") where he was also the President from 1985 to 1987.

With his valuable experience and exposure to high level management processes, Tuan Haji Ishak, who is currently a consultant in Human Capital and Organisational Development, would be able to groom and support the other Directors and Management of the Company.

Tuan Haji Ishak attended all the five (5) Board Meetings held during the financial year ended 31st December 2016.

He has no directorship in any other public listed company. He has no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



O PROFILE OF DIRECTORS



MR LEOW NAN CHYE
Independent Non-Executive Director



MR MALAYANDI @ KALAIARASU Executive Director

Mr Leow, a Malaysian, aged 58, male, was appointed to the Board on 5th October 2005. He is the Chairman of the Audit and Risk Management Committee and a member of the Nomination Committee and Remuneration Committee of the Company.

Mr Leow is an Accountant by profession and graduated from Tunku Abdul Rahman College and obtained the professional qualification from the Chartered Institute of Management Accountants, United Kingdom. He is a member of the Malaysian Institute of Accountants ("MIA") and has over twenty (20) years experience in various companies involved in property development, resorts and golf, manufacturing and investment holding.

He held various management positions during his employment with Malaysian General Investment Corporation Bhd., KAB Group, Tanming Group, Negara Properties Sdn Bhd and Formosa Prosonic Industries Sdn Bhd.

Mr Leow attended all the five (5) Board Meetings held during the financial year ended 31st December 2016.

He has no directorship in any other public listed company. He has no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Mr Kalaiarasu, a Malaysian, aged 31, male, was appointed to the Board on 17th June 2011. He is a member of the Remuneration Committee of the Company.

Mr Kalaiarasu holds a Masters of Business Administration from Victoria University, Melbourne, Australia and graduated with a Bachelors of Engineering (Honours) degree majoring in electronics from University of Nottingham Trent at Nottingham City, United Kingdom.

Over the last ten (10) years, he has had extensive experience working in this region for reputed customers on education and technology consulting projects. He contributes the entrepreneurial and technology expertise at the board level.

Mr Kalaiarasu currently works in SMR Group, whereby his focus is strongly on new acquisitions and is leading the business aspect of the largest subsidiary of SMR Group which is Cyberjaya University College of Medical Sciences. He has worked with Accenture, in which he focused on the upstream oil and gas industry. He has held several key positions since joining Accenture. Prior to this, he worked with an American based multinational corporation, Jabil and prior to that with Mahindra Satyam, a global IT company. Throughout his employment, he was managing several key technology research and development projects all over the world. He has also worked with the Ministry of Health in Singapore on developing a key collaborative system.

Mr Kalaiarasu attended all the five (5) Board Meetings held during the financial year ended 31st December 2016.

He has no directorship in any other public listed company. He has no direct family relationship with any Director and/ or substantial shareholder of the Company other than he is the nephew of the spouse of Tan Sri Dato' Dr R Palan in SMRT Holdings Berhad. He has no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



O——— PROFILE OF DIRECTORS



DATO' (DR) ASARIAH BINTI MIOR SHAHARUDDIN Independent Non-Executive Director

Dato' (Dr) Asariah Binti Mior Shaharuddin, a Malaysian, aged 64, female, was appointed to the Board on 4th November 2013. Dato' (Dr) Asariah is a member of the Audit and Risk Management Committee and Nomination Committee of the Company.

Dato' (Dr) Asariah holds a Masters Degree (M.Sc.) in Curriculum and Instruction from the University of Wisconsin, Wisconsin, USA which she obtained in 1983. She graduated with a Bachelor of Arts (Hons) Degree in Geography from the University of Malaya in 1975 and a Diploma in Education from the same university in 1976. In honouring her contribution to scholarship and academic partnership between Malaysia and the Queensland University of Technology, Australia, Dato' (Dr) Asariah was conferred with the Degree of Doctor of the University in 2008.

Known for her work and contribution to teacher education in the country, she was the Deputy Director General of Education, Ministry of Education Malaysia before her retirement in 2011. As Deputy Director General in-charge of Teacher Professional Development, she was primarily responsible for policy, planning, finance and human resource development. A passionate teacher educator, she is known for her work in continuous professional development ("CPD") of teachers and was the key figure in the upgrading of all Malaysian Teacher Training Colleges to become degree awarding institutions known as Institut Pendidikan Guru ("IPG") or Institutes of Teacher Education, Malaysia which now offer full-time Bachelor of Teaching degree courses.

Dato' (Dr) Asariah also has vast experience in international teacher education management and collaboration. During her time with the Ministry, she was able to put into fruition efforts in producing effective teachers by various upgrading programmes, reforms and establishing partnerships with local and foreign universities from the United Kingdom, Australia and New Zealand, France, Japan and Germany.

She has attended courses, seminars and workshops at Harvard Graduate School of Education, University of Harvard; Institute of Education, University of London, UK; University of Wales, Cardiff; University of Hiroshima, Japan and Regional education and management centres in Asia such as Singapore, Philippines and Indonesia.

For her contributions, Dato' (Dr) Asariah has been awarded with Darjah Dato Paduka Mahkota Perak (D.P.M.P), Darjah Indera Mahkota Pahang (D.I.M.P), Pingat Johan Setia Mahkota (J.S.M) and Ahli Mangku Negara (A.M.N) from DYMM Seri Paduka Baginda Yang Di-Pertuan Agong.

Dato' (Dr) Asariah attended all the five (5) Board Meetings held during the financial year ended 31st December 2016.

Dato' (Dr) Asariah has no directorship in other public listed companies. She has no family relationship with any Director and/or substantial shareholder of the Company, no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



PROFILE OF GROUP CHIEF EXECUTIVE OFFICER ("Group CEO")



DATO' HJ ABD RASHID BIN HJ MOHD SHARIF **Group Chief Executive Officer ("Group CEO")**

Dato' Hj Abd Rashid, a Malaysian, aged 52, male, was appointed as Group Chief Executive Officer on 19th October

Dato' Hj Abd Rashid graduated with a MA in Art and Design Education from De Monfort University, United Kingdom. He also completed his BA in Industrial Design and Art Teachers' Diploma from MARA University of Technology.

Dato' Hj Abd Rashid has more than 26 years of experience in the education sector. He has had experience in both the business and academic areas of university management. His last position was Deputy Vice Chancellor/ Deputy President, Asia Metropolitan University. His responsibilities included Public Affairs (Corporate Communications, Corporate Governance, Quality Compliance & Student Affairs). Prior to joining Asia Metropolitan University, Dato' Hj Abd Rashid was with Hicom University Sdn Bhd as the Chief Operating Officer.

Dato' Hj Abd Rashid is a seasoned professional with over 26 years of business experience.

Dato' Hj Abd Rashid has no directorship in any other public listed company. He has no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.





Dear Shareholders,

On behalf of the Board of Directors ("Board"), I present the Annual Report and financial statements of SMRT Holdings Berhad for the financial year ended 31st December 2016.

PERFORMANCE REVIEW

During the year 2016, the Group continued with its focus on technology related services, human resources training and consulting and education. The growth of Cyberjaya University College of Medical Sciences ("CUCMS") is reflected by its quality education, high quality academics and corporate governance.

There were challenges on several fronts. The turnaround of Asia Metropolitan University ("AMU") has been slow even though we continue to be positive about the investment. AMU is wholly owned by Asiamet Education Group Berhad ("AEGB") of which we hold a 21%-equity interest. While the Management continues to ensure good corporate governance, academic excellence, prudent financial and student enrolment strategies, it is now apparent that the turnaround is expected to take much longer than the anticipated 12 months. In the past year, there have been significant decisions made with regards to changes in the key leadership team, curriculum and a move to a new campus in Cyberjaya with better facilities and convenient access targeted in the third quarter of 2017, all of which we believe will firmly place AEGB on a clear road to recovery.

In addition, there is an ongoing exercise involving the injection of CUCMS into AEGB leaving SMRT as the controlling shareholder of the enlarged Education business comprising CUCMS, AMU, Asia Metropolitan Colleges and Asia Metropolitan International School. If successfully completed, there will be substantial synergies which will benefit the business including sharing common resources and facilities.

The Education business under AEGB will be led by a separate management team, which will allow SMRT to focus on growing its Training and Technology businesses.

As such, despite the challenges, the medium to long term business outlook continues to be favourable towards education, training and HR-based technology as human capital is the key driver to achieve the economic goals of the nation.

While the Board is confident of the future of the Group and remains committed to grow in a consistent and sustainable manner, the Board is also aware of the obstacles due to the global economic outlook. While we anticipated better results for the financial year ended 2016 ("FY16"), the results were impacted by several one-off expenses. With the growing demand for our solutions, barring any unforeseen circumstances, the Group expects to perform better in 2017.

The Group will continue to ensure adequate emphasis and resources are allocated to enhance the systems of risk management, quality management and internal controls. Various implementations of internal control systems were made during the recent past years, to ensure the risk factors in the day-to-day operations are well managed in guiding us to achieve our goals. The Board has also continued to further strengthen its corporate governance framework in line with recommendations of the revised Malaysia Code of Corporate Governance 2012.

APPRECIATION

On behalf of the Board, I would like to thank:

- · The key management and staff for their dedicated commitment and contribution throughout the year;
- Our advisors, business partners, valuable customers, suppliers, bankers, government agencies and regulatory authorities
 for the continued loyalty, support and confidence;

Finally, I would also like to record a note of thanks to my fellow Board members for their invaluable contributions and guidance to the Group. It is my belief that they will continue to serve you, our shareholders and work towards taking the Group to the next level and to become a learning conglomerate.

TAN SRI DATO' DR R PALAN

B.Sc., M.A., M.Sc., Ph.D., A.P.T, FBILD (UK) P.S.M., D.P.M.P (Perak), J.B.K. Chairman

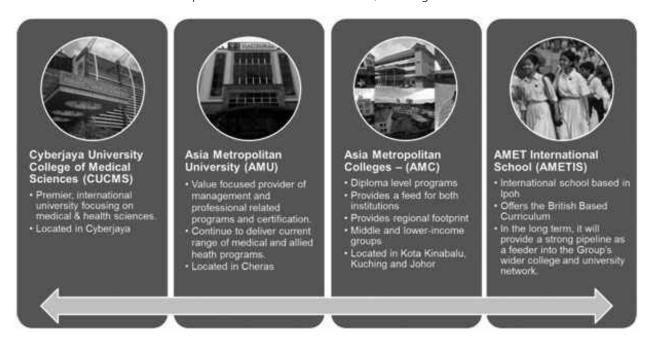




The Group consists of 3 key strategic business divisions, as described below:-

Education Division

The Education Division operates educational institutions and provides educational management services. These institutions cover the education spectrum from International School, to Colleges and to Universities.



CUCMS is 100% held by SMRT via its wholly-owned subsidiary. AMU, AMC and AMETIS are held by Asia Education Group Berhad ("AEGB"), which is 21% held by the Company. SMRT currently provides management services to these institutions.

Training Division

The Training Division provides Human Resources Development training, consulting, outsourcing, events and learning resources services.

Technology Division

The Technology Division is involved in software development and commercialisation and related services. Its software solutions are as follows:-

- · Comprehensive Cloud Based Human Capital Management (HCM) Suite (http://mmedrive.com)
- Internet of Things (IoT) (http://nosairis.com)

On 5 December 2016, SMRT announced, inter-alia, a proposal to inject CUCMS into AEGB in exchange for AEGB shares, which would give SMRT controlling interest of AEGB upon full completion of the exercise ("Proposed Injection of CUCMS into AEGB"). With its Education business housed under AEGB and managed by a separate team, this will allow SMRT to focus on growing its Training and Technology businesses.





FINANCIAL PERFORMANCE

Operating Segments	2016 RM'000	2015 RM'000	Varia RM′	
Revenue				
Education	65,433	65,586	(153)	0%
Training	4,402	33,653	(29,251)	-87%
Technology	10,117	862	9,255	1074%
Others	1,510	994	516	52%
Total Revenue:	81,462	101,095	(19,633)	-19%

Operating Segments	2016 RM'000	2015 RM'000	Varia RM'(
Gross Profit				
Education	29,413	31,684	(2,271)	-7%
Training	(8,000)	5,290	(13,290)	-251%
Technology	3,705	(4,768)	8,473	178%
Others	1,484	(510)	1,994	391%
Total Gross Profit:	26,602	31,696	(5,094)	-16%

Operating Segments	2016 RM'000	2015 RM'000	Varia RM'(
Loss After Tax				
Education	(7,854)	(4,691)	(3,163)	-67%
Training	(13,764)	(1,666)	(12,098)	-726%
Technology	(7,320)	(14,135)	6,815	48%
Others #	(6,924)	(9,587)	2,663	28%
Total Loss After Tax:	(35,862)	(30,079)	(5,783)	-19%

[#] In 2016, others primarily comprised:-

- share based expenditure of RM2.3 million (please see ensuing paragraphs for further details)
- term loan interest of RM2.3 million

Education Division

The Education Division's revenue decreased slightly by RM0.2 million in 2016. However, its loss after tax increased by RM3.2 million in 2016. This is mainly attributable to increase in share of losses in AEGB as well as higher advertising and marketing costs at CUCMS to reach a larger pool of eligible students.

The Company's share in losses in AEGB increased by RM2.5 million from RM4.2 million in 2015 to RM6.7 million in 2016. This primarily arose from a one-time depreciation charge of RM10.0 million from an accounting reclassification as well as a RM1.0 million downward revaluation of property assets without recognising positive upward revaluation in line with Accounting Standard MFRS 136 in AEGB's income statement.





Training Division

The Training Division recorded a decline in revenue from RM33.7 million in 2015 to RM4.4 million in 2016 due to the completion of the English Language Training ("ELT") contract with the Ministry of Education in September 2015, which is pending potential renewal. This resulted in a corresponding increase in loss after tax from RM1.7 million in 2015 to RM13.8 million in 2016.

The losses in the Training Division of RM13.8 million include one-off costs of approximately RM6.4 million comprising:

- development costs for the architecture of ELT programme of RM4.2 million mainly consisting of development of cocurriculum content and portal. These costs are one-off and will largely not be incurred again when new ELT contract(s) are secured; and
- one-time branding costs of RM2.2 million.

Based on ongoing efforts in growing other areas of the business, revenue from other training and consultancy programmes increased by RM1.2 million or 38%.

Technology Division

On the other hand, the Technology Division achieved an increase in revenue from RM0.9 million in 2015 to RM10.1 million in 2016 and improvement in post-tax losses from RM14.1 million to RM7.3 million in 2016. This is largely due to the positive contribution from the acquisition of a 64% equity interest in N'osairis Technology Solutions Sdn Bhd ("N'osairis") on 1st March 2016.

The losses in 2016 of RM7.3 million include the non-recurring costs of RM7.6 million comprising:-

- initially, 5 products were planned, out of which 2 products were developed and launched. As a result of the extended development time which delayed roll-out and commercialisation, software development costs relating to the previous web-based platform of RM4.1 million were impaired in 2016; and
- provision for doubtful debts of RM3.5 million.

As all software development costs have been fully impaired to-date, there would not be any amortisation costs incurred for these software in future years.

Group

Despite the overall decrease in revenue, the Group's gross profit margins improved from 31.4% in 2015 to 32.7% in 2016, which is mainly attributed to improvement in results from the technology segment from the N'osairis acquisition.

The Group registered an increase in loss after taxation of RM5.8 million in 2016 from RM30.1 million in 2015 to RM35.9 million in 2016. The increase in loss is primarily attributed to higher losses under the Education Division mainly from the investment in AEGB and completion of the ELT contract, which is pending potential renewal, under the Training Division. In addition, share-based expenditure of RM2.3 million was charged to the Income Statement in 2016. This share-based charge does not constitute an actual cash payout and arose from the grant of a total 42,555,000 share options under the Employee Share Option Scheme ("ESOS") to the eligible directors and employees of the Group on 16 December 2016.

The RM35.9 million loss after tax in 2016 included largely non-recurring expenditure as set out below:-

- impairment of investment in AEGB of RM7.6 million
- share based expenditure of RM2.3 million
- impairment of software development costs of RM4.1 million
- development costs for the architecture of ELT programme of RM4.2 million
- one-time branding costs of RM2.2 million for the Training Division





• finance costs of RM3.1 million. In the event of the completion of the Proposed Injection of CUCMS into AEGB and placement of AEGB shares, the term loan for the Education business would be fully repaid.

The net assets of the Group declined from RM60.9 million in 2015 to RM36.2 million in 2016 arising from the losses incurred by the Group in 2016.

BUSINESS AND OPERATIONS PERFORMANCE

EDUCATION DIVISION

CYBERJAYA UNIVERSITY COLLEGE OF MEDICAL SCIENCES (CUCMS)

Current Business

CUCMS has teaching faculties in medicine, pharmacy, traditional and complementary medicine, occupational safety & health, business management and allied health sciences, and centres for foundation studies, language and general studies, research and commercialisation and continuing education.

Currently, CUCMS offers 22 courses, including the Bachelor of Medicine and Bachelor of Surgery (MBBS) course, which is regulated by the Malaysian Medical Council and is bound by the Malaysian Qualification Agency (MQA) Accreditation. The MBBS course currently has an enrolment of approximately 800 students whilst the Bachelor of Pharmacy (Honours) course which is regulated by the Pharmacy Board of the Ministry of Health has an enrolment of about 450 students.

Internationally, CUCMS is one of the international medical schools recognised and listed in the World Directory of Medical Schools which is published as a collaboration of the World Federation for Medical Education and the Foundation for Advancement of International Medical Education and Research as well as supported by the World Health Organisation.

Locally, CUCMS has earned, among others, a Tier-5 (Excellent) SETARA Rating from the MQA, which assesses the quality of teaching and learning of an institution by covering three generic domains, namely input (talent, resources and governance), process (curriculum matters) and output (quality of graduates and graduate satisfaction). SETARA stands for *Penarafan Institusi Pengajian Tinggi* Malaysia, a rating exercise conducted by the MQA periodically, the most recent of which was performed in 2013. CUCMS has been placed on par with other leading Malaysian higher learning institutions based on its Tier-5 (Excellent) SETARA Rating from the MQA.

The MQA has also granted CUCMS its MQA Accreditation for its the MBBS course. MQA's process for continuous renewal ensures that CUCMS is kept abreast with the latest and best industry practices.

The awards received in 2016 include:

- OIC Jewels of the Muslim World Awards
- Education & Training Category, Asia Pacific Entrepreneurship Awards (the only institute of higher education to be awarded)
- Best Brand in Healthcare Education Award by the Brand Laureate SME Best Brands Award

The growth and risk mitigating initiatives undertaken by CUCMS in 2016 are set out below :-

• Growth in the International Market

The Ministry of Higher Education's Blueprint for Higher Education in Malaysia has been made a guiding document for the institution. Among its many key areas is one that focuses on global prominence and the further strengthening of the Malaysian education brand in the international stage. Heeding this call, CUCMS has expanded its international marketing reach and as at end of 2016, has students from 22 different countries making up almost 7% of the total new student enrolments achieved in 2016. 2017 will see further expansion as the university targets new markets to explore.





The year 2016 also saw the signing of a Memorandum of Understanding with international partner colleges who will potentially collaborate with the university in offering selected programmes in Maldives and Sri Lanka. We expect the list of partnerships to grow further in 2017.

The Ministry of Home Affairs' decision in January 2017 to renew CUCMS' licence to recruit international students also bodes well for the next 2 years. The international enrolments for 2017 is expected to hit 10% of the total enrolments for the year.

· Quick responses to challenges in the Domestic Market

The domestic market on the other hand, proved to be challenging in 2016 due to the reduction in public scholarships/funding and many students and parents being unable to afford the full tuition fees.

Since the start of 2015, the National Higher Education Fund Corporation's (PTPTN) implemented a tiered system where applicants whose families are recipients of the BR1M received only 85% loan coverage for their tuition fees while those whose families earn less than RM8000/month received 75%. Others are entitled to just 50% coverage over their tuition fees. Students seeking PTPTN financial assistance for their medical degree are only entitled to 50% of the total tuition fees.

Coupled with the above, the Government's decision in early 2016 to reorganise the government funding aids previously channelled through JPA and MARA has further resulted in fewer funding opportunities for students.

These changes would mean less students are able to afford private higher education. Recognising such risks, CUCMS has formed partnerships with several NGOs and state-owned welfare foundations to arrange for financial assistance to students who may require such help. The institution had also provided extensive scholarships for deserving students thus allowing more student participation in tertiary education.

In 2016, the Ministry of Higher Education also increased the entry requirements for selected programmes whereby all students enrolling in a healthcare related diploma would now require 5-credits from their SPM examination instead of the previous 3-credits. This greatly impacted our Diploma programmes, namely in Occupational Safety & Health and Paramedical Sciences.

We were quick to react by expanding our marketing activities to reach out to a higher pool of eligible students as well as engaging Ministry officials to discuss a more relevant and feasible entry requirement for the Diploma in Occupational Safety & Health which was later re-adjusted to 3-credits.

CUCMS' fast reaction and innovative thinking has allowed it to remain resilient and to continue posting healthy profits.

Development and launch of new programmes

CUCMS' collaboration with the Colombo Plan Secretariat saw the launch of the postgraduate diploma in addiction science which had its first intake in November 2016.

The university has also sought to diversify its revenue stream by focusing on executive education, lifelong learning and training programmes. In 2016, several programmes in the areas of first aid training and halal compliance and certification were launched.

Increase in marketing spend and activities

The objective was to reach a larger pool of eligible students including attending more education exhibitions, roadshows and investing in digital advertising platforms.

Engagement with Universiti Kebangsaan Malaysia

This was for use of their support facilities thus reducing operational cost.





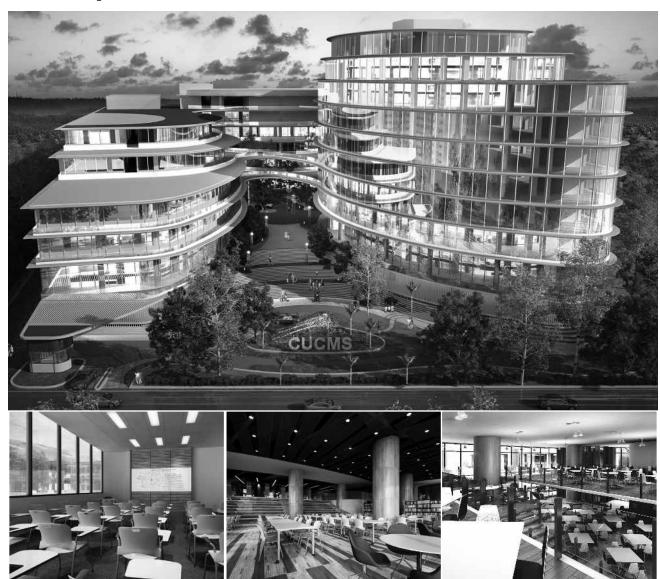
Prospects

Further changes in entry requirement, further reductions in government sponsored financial assistance and a slowdown in the economy could have an impact on student recruitment. To better prepare for this, CUCMS has already implemented initiatives to engage partners for alternative funding opportunities for students and to expand its product offerings while staying within its niche area.

It is also expected that an increased focus on international student recruitment will help ensure overall enrolment targets are met.

2017 holds much potential as CUCMS seeks to develop and launch even more programmes. At present, 1 new postgraduate programme in psychology which was approved in 2016, will have its first intake by the 2nd quarter of 2017 and 3 other programmes in business and health sciences have achieved preliminary approval at the Ministry of Higher Education's preliminary screening (saringan) stage and is now due for further review by the Malaysian Qualification Agency. Additional 2 new programmes in business and foundation are also in the early stages of development.

Furthermore, CUCMS is targeting to move to a new purpose-built campus in 2018 that would facilitate an increase in capacity from 3,500 students to about 8,000 students and further improve the university's brand image and standing.







INVESTMENT IN AEGB

Current Business

SMRT holds a 21% equity interest in AEGB, which is engaged in provision of education services and training that include:

Core/Principal Activity
Runs foundation, diploma, degree, undergraduate and post graduate programmes on the main campus in Cheras.
Programmes offered are in the Faculties of Therapeutic Sciences, Allied Sciences, Business and Law, Pharmacy, Post Graduate Studies, Foundation Studies and Nursing
Offers the Bachelor of Medicine and Bachelor of Surgery (MBBS) in the Faculty of Medicine
Provides diploma courses in Faculty of Therapeutic Sciences, Faculty of Allied Sciences and Faculty of Nursing
Provides diploma courses in Faculty of Therapeutic Sciences, Faculty of Allied Sciences and Centre for Foundation Studies
Provides diploma course in Faculty of Allied Sciences
An international school based in Ipoh which provides primary and secondary school education based on the Cambridge International programme of study and the National Curriculum for England.

AMU - University

2015 and 2016 were challenging years for AMU mainly due to regulatory issues (in terms of lower funding opportunities for students and higher entry requirements) and legacy issues (resulting in the University being unable to take in MBBS students in 2015 that impacted 2016).

Student enrolment for AMU Cheras demonstrated a year-on-year improvement of 38% from 2015. However, there was an overall 25% drop in student numbers arising from a high number of past year students graduating in 2016.

The key initiatives to improve the performance of AMU undertaken in the past year are set out below :-

- Major cost rationalisation and doubtful debt recovery activities
- New appointments of experienced academics led by the new Vice Chancellor, Professor Dato' Dr Mahmood Nazar Mohamed. His accomplished background in academic operations and strategic planning makes him the ideal selection to drive the university forward
- New appointments of a highly experienced Bursar and Senior Vice President of Enrolment and Marketing
- Substantial investments in terms of human capital and equipment to upgrade the overall quality of the MBBS
 programme to meet stringent compliance requirements. This resulted in a successful monitoring visit by the
 Malaysian Qualification Agency and the Full Accreditation for this programme is expected in 2017





AMC - Colleges

AMC KK and AMC Kuching performed well in 2016 with total number of enrolments up by 70% mainly due to the effective impact of the re-branding exercise to Asia Metropolitan. Cost rationalisation and doubtful debt recovery initiatives were also conducted, resulting in lower costs.

AMETIS - International School

Student numbers grew from 56 in 2015 to 74 in 2016.

Prospects

The key risk factors that may affect the business include the lower funding opportunities for students, higher entry requirements, economic slowdown, talent retention, full compliance and accreditation of its MBBS and Pharmacy programmes and renewal of AMU's university licence towards the end of 2017.

With a cost effective structure and a strong leadership team, the focus of the existing business segments is to grow student enrolment numbers and improve its business performance and mitigate its key risks.

The future key initiatives to be undertaken by AEGB include the following:-

- Move by AMU Cheras to a campus in Cyberjaya with better facilities and convenient access targeted in the third
 quarter of 2017. This move is critical to the expansion of AMU in view of its current location in Cheras with
 minimal access to public transportation.
- Introduction of programmes that have less stringent entry requirements i.e. that meet the 3 credit requirements imposed by the Ministry of Higher Education
- AMC KK and AMC Kuching received their licence separation from AMU in 2016 thereby enabling these Colleges to be run independently under the separate entities of Asiamet (KK) Sdn Bhd and Asiamet (Kuching) Sdn Bhd from January 2017. With full autonomy, encouraging student numbers and an effective cost structure, the East Malaysian colleges are expected to play a crucial role in the AEGB Group's turnaround.
- The re-opening of AMC KB with student recruitment targeted to start in mid-2017. AMC KB is expected to collaborate with Universiti Utara Malaysia to launch franchising programmes.

TRAINING DIVISION

Current Business

The Training Division has consistently been working to its strengths to address the needs of businesses of all sizes and in all sectors. Geographically, we have served and will continue to serve Malaysia, Asean and the GCC countries in the Middle East. Our services are characterised by high knowledge intensity - we have built an extensive knowledge database critically based on our practice and the needs of the various industries and sectors. We have secured trademarks, and created proprietary products with our intellectual property developed and owned over the past 2 decades.

The tough global and national economic environment affected the HR Professional Services sector, which is also competitive. This has made 2016 a challenging year for the Training Division.

We have been focusing efforts on renewing the ELT programme with the Ministry of Education, growing existing programmes organically and introducing new added value services, such as coaching, as well as new and innovative programmes.

The key programmes conducted in 2016 include the following:-

- <u>Certification training programmes</u>
 - The Chartered Institute of Personnel Development, the world's largest body for HR training has appointed SMR as a sole authorised training provider in Malaysia for 2 programmes. These programmes are





internationally recognised UK-based training qualifications. It is endorsed and subsidised by TalentCorp and the Human Resource Development Fund ("HRDF") as Malaysia aspires to develop a pool of accredited HR professionals and trainers.

We have submitted an application to upgrade this training certification to a Diploma programme in 2017.

- The Diploma in Learning & Development which was upgraded from Certificate, was introduced for the first time in 2016. It is a qualification under the Chartered Institute of Personnel Development and represents a 1-year inhouse, open programme, for which we are also the sole provider for Malaysia.

Accredited training programmes

These represent our training programmes accredited by the UK-based Institute of Leadership and Management (ILM) and include the following:-

- Accredited Training Professional (ATP)
- Accredited Competency Professional (ACP)
- Accredited Organisational Development Professional (AODP)

Workshops

These are short duration workshops for which we have capitalised on our well established branding based on our Intellectual Property within the global HR community, such as Magic of Making Training Fun, Organisational Development for Trainers, Management Skills and High Impact Train the Trainer.

Consultancy

We provide consultancy in competency profiling for organisations to identify gaps between present and required proficiency levels and offer training solutions for employees to close critical performance gaps to improve productivity.

Prospects

Industry outlook

The Malaysian Government places significant emphasis on Human Resource Development through several initiatives introduced and implemented by organisations such as:-

- Human Resources Development Fund ("HRDF"). The HRDF is a public and private sector partnership to train
 Malaysians. All eligible Malaysian employers pay 1% of the payroll to HRDF which reimburses eligible employers
 for approved training conducted. The HRDF initiative has accelerated skills training of Malaysians.
- TalentCorp. The objectives of TalentCorp are to enhance graduate employability, promote talent diversity, engage Malaysians abroad and facilitate foreign talent.
- PEMANDU. The role of PEMANDU is to implement the Economic Transformation Programme and Government Transformation Programme, of which human capital development is a strategic reform initiative.

Some of the key initiatives and targets by the Government include the following:-

- The Human Capital Development Strategic Reform Initiative under PEMANDU focuses on enhancing and addressing the human capital capabilities and needs of the 12 National Key Economic Areas as well as strengthening the skills of Malaysia's labour force. One of these initiatives include strengthening HR Management in Small-Medium Enterprises ("SMEs"). In line with Malaysia's high-income goal for 2020, the country's SMEs, which already contribute to 31% to GDP and employ 60% of the workforce, must account for at least 40% of the economy's output. Source: Pemandu
- The Eleventh Malaysia Plan (2016-2020) continues to push the agenda of producing human capital equipped with the right knowledge, skills, and attitude to enable the nation to thrive in a globalised economy. The Government aspires to achieve a 35% skilled workforce by 2020. It also aims to create over 1.5 million jobs. Another target is the increase of the number of employees eligible for training under HRDF by 58% from 1.77 million in 2014 to 2.8 million in 2020. Source: HRDF Annual Report 2015





- One of the 5 priorities of the National Budget 2016 are "Empowering Human Capital". The objective of the
 programmes to be implemented is to improve the employability of the workforce, and which impact the
 Group's Training business.
- In the National Budget 2017, to enhance graduate employability, a sum of RM50 million was allocated to
 extend the 1Malaysia Training Scheme (SLIM) programme by GLCs to 20,000 graduates in 2017 compared with
 15,000 graduates in 2016.
- The Roadmap 2015 2025 is the implementation of The Malaysian Education Blueprint (MEB) 2013 2025 and serves as the dashboard of implementation plan for the systemic reform of English language education in Malaysia. The reform is done holistically from Malaysian schools up to tertiary level and also in teacher training.

Future plans

Going forward, we may face challenges and risks of an economic slowdown coupled with operating in a competitive sector.

To overcome these challenges, we are continuing our efforts to expand existing programmes and introduce new programmes to stay interesting and relevant. We are also introducing both on-site and online training programmes in light of future learning trends. In 2016, we introduced the "Magic of Making Training Fun" as an online training programme. Building on our own resources and a social capital of network of diverse resources, we will continue to provide people with excellent credentials who have several years of experience working with different organisations from different countries. We will also continue to build and strengthen the ecosystem to increase the demand for our products and services. This ecosystem includes content marketing on social media, articles, online programmes and on-site programmes.

In 2017, in addition to programmes and services already in place, some of the key activities targeted to be conducted include:-

- the training programmes will be targeted towards the SME sector
- new certification programmes are being developed to offer higher certification opportunities to the HR community
- new programmes that focus on training programmes beyond what was traditionally being offered as onsite training programmes. We are in the process of strengthening our focus on online training and coaching programmes which go beyond on-site training
- · development of new programmes such as "Employee Engagement" for HR professionals
- exploring sectors that are still have huge HR development budgets, focusing on developing sector-specific programmes
- continued engagement with the relevant authorities in the public sector and GLCs and aiming for large and long term national capacity building programmes (such as the English Language Training programme).

TECHNOLOGY DIVISION

COMPREHENSIVE CLOUD-BASED HUMAN CAPITAL MANAGEMENT (HCM) SUITE

Current Business

The market for strategic human capital management (HCM) software has undergone a major transformation in the last 18 to 24 months, where there has been a rapid growth of cloud solutions.

Accordingly, we strove to reinvent our business models from enterprise to cloud friendly, by building a cloud enabled integrated talent management suite in which cloud based solutions will form significant part of our portfolio.

We have completed development and released our first cloud based product, MME eAppraisals in the fourth quarter of 2016. This product is expected to have a lucrative market given that performance management is often referred to as the "core talent management process" wherein organisations often cite performance management





initiatives as top priorities in their integrated talent management strategies. Organisations today have a need to provide ongoing feedback, a link between individual goals and company-wide objectives and a multi-dimensional view of employee performance. Source: Deloitte Performance Management Software 2015, by Bersin

MME eAppraisals is part of our overall Cloud HR solutions package which also comprises succession planning, recruitment and employee survey modules. In addition, the business is premised upon the critical success elements of our solutions:-

- Our on-the-Cloud HR solutions cover the lifecycle of HCM from Recruitment to Separation (also called Hireto-Retire Processes). This includes both strategic and transactional aspects of HCM. The hallmark of our solutions is the tight integration across all the HCM Modules at affordable cost with lower GoLive timelines.
- Our HR Cloud solutions integrate with existing systems enabling faster deployments. It is supported with the best-in-class security platforms and a multi-tenant architecture making sophisticated technology affordable to the customer.
- Our HR Cloud solutions are modular in nature and allows the customer to configure the system to their
 needs. Customisable templates are available for various industry verticals, thereby minimising implementation
 time. Configurable workflows allow the customer to improve productivity. Our cloud apps are available for
 multiple devices to enhance work place productivity.

Prospects

Industry outlook

HR technology has been a high growth area, where it is predicted that the total spend of HR apps market by organisations will hit USD 14 billion annually by 2016. The growth in the HR software market is driven by talent management sectors (recruiting, training, performance management/BI, and leadership/succession management) as well as by shift to cloud models. Sources: The HR Software Market Reinvents Itself By Forbes, Human Resources (HR) Software Market Forecast 2017-2022

A number of industry surveys have clearly established that the biggest growth for cloud services will be sourced from small and medium organisations which represent our key target market. Source: Big business in small business: Cloud services for SMBs by Mckinsey

The global HCM market is forecast to grow from USD12.59 billion in 2016 to USD19.88 billion by 2021, at a CAGR of 9.6% driven by growing demand for integrated high performance software among users for HCM solutions. We intend to launch our cloud solutions suite in the Asia Pacific, India and Middle East Markets. According to the Cisco Global Cloud Index Report (2013 – 2018), the Middle East and Africa are projected to have the world's highest cloud traffic growth rate, growing more than 8-fold between 2013 and 2018. Moreover, countries in these regions are prominently adopting advanced HR cloud technologies and solutions within the organisations to attract and retain talent. The adoption of emerging HR cloud technologies and the economic growth of countries such as India and China are further driving the adoption of HCM cloud solutions and services. Source: Human capital management market report by RNR Market Research.

Furthermore, in a bid to boost the growth of home grown cloud companies, Malaysia Digital Economy Corporation (MDeC) has launched the Malaysia Cloud Initiative (MMCI) which helps MSC companies like ours to accelerate the transition to cloud with infrastructure and platform support, go-to-market assistance, comprehensive training, POCs, and hands-on assistance. Under this programme, MDeC has appointed 5 leading technology partners such as Microsoft Azure to offer customised packages of cloud hosting subscription, training and go to market incentives. Source: MDeC

Future plans

The key risk of the industry is the significant speed of technological change. However, our team has displayed the agility that is required to adapt faster in migration from Dos to MS Windows and from Desktop to Web. During 2015-16, when we sensed a shift in technology, we were quick to make a move from our enterprise application strategy to a cloud based one.





Some businesses hesitated to move to cloud because of the difficulty in enforcing corporate security policies as well as the burden of regulatory compliance. Having a "private" cloud service can be one way of minimising such risk. As to regulatory compliance, our solutions are fully compliant with all the relevant laws of the land.

In order to capitalise on the opportunities available in the HR technology industry, we are pursuing several growth initiatives which include the following:-

- Using talent management cloud platform as a foundation, we are seeking to integrate / build other modules
 essential for talent management functionalities. These include the appraisals module with targeted rollout
 to the market in the second quarter of 2017 and the succession planning, recruitment and employee survey
 modules with targeted rollout in the fourth quarter of 2017.
- Ongoing development work on advanced HR predictive analysis-machine learning applying artificial intelligence for performance related programmes that will produce analytics to build an efficient global work force.
- Partnerships with existing vendors offering payroll solutions to achieve faster penetration into their existing clientele base.
- Use of newer software methodology called "Rapid Application Development (RAD)" which allows us to scale development effort much quicker. RAD methodology which focuses on 'release early and release often', in fact has morphed into an even more radical position, 'the perpetual beta', in which the product is developed in the open, with new features slipstreamed in on a monthly basis.

Since completion of development of our first cloud based product in the fourth quarter of 2016, we have secured 6 projects as at 31 March 2017. Apart from the projects already secured, there are several projects in the pipeline with companies in diverse industries.

INTERNET OF THINGS (IoT)

Current Business

N'osairis was founded in 2009 and was fully operational in 2011.

The Internet of Things which is more popularly know as IoT, is the concept of an end-result that is derived through the interaction between sensors, connectivity and business intelligence. N'osairis enables enterprises to capitalise on IoT for the purpose of business optimisation.

N'osairis is focused on providing Turnkey IoT services to enterprises in order to drive business optimisation. Turnkey IoT services comprise 3 sub-services:-

- Managed M2M Connectivity
- Managed IoT Services
- IoT Business Consulting

We provide our potential customers with business consulting on their IoT needs, which next step is subscription to our Platform as a Service (PAAS) model for deploying and managing their IoT solution and connectivity.

Presently, our Turnkey IoT services platform has been fully deployed and available in the 3 regions we are operating in - Malaysia, Indonesia and the Philippines.

In Indonesia, we have been working hand-in-hand with the leading cellular provider wherein we enable the provider to support the entire suite of IoT/M2M connectivity with guaranteed uptime service level agreement for services versus other players which are based on best-effort type of services.





N'osairis started with three employees and today has 37 employees. N'osairis has achieved a 400% revenue growth from 2013 to 2016 at healthy margins as set out below :-

Financial year ended 31 December	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000
Revenue	2,563	5,657	10,055	12,811
Net profit before tax	209	1,229	2,514	3,110
Profit before tax margin	8%	22%	25%	24%

The key factors driving revenue and profit growth are the heightened awareness on the value of IoT by enterprises in part due to aggressive marketing by the big players such as Cisco, General Electric and Microsoft coupled with the early mover advantage of N'osairis in the countries that we are penetrating. As we are lean, our go-to-market decisions are fairly quick. Most importantly, having already built our N'osairis Exchange ("NeX") platform, we are able to replicate a similar setup in every region we enter. The NeX platform is a collective system that incorporates the 3 key components of IoT (sensors-connectivity-business intelligence) in a single logical framework, which allows us to extend IoT as a service to enterprise clients.

Foreign revenue is presently close to approximately 25% of Malaysia revenue and we foresee this to grow with increasing business optimisation demand in the markets in which we operate.

The biggest risks associated with our business today are the expansion speed by other players to other key SEA markets and lack of skilled resources in the IoT space as IoT is a fairly new field. We believe that we are able to overcome these risks with our strategic versus conventional plans that we have laid. On the expansion front, we will leverage on strategic partners in the respective regions to provide onsite presence and maintenance support rather than setting up an entire support team in every SEA country we enter. On the lack of skilled resource, we continuously arrange the team to attend specific soft-skill and technical training programmes as a part of ongoing-development to strengthen their competencies.

Prospects

Industry/Market

With the potential to streamline and deliver greater time and cost savings to a broad spectrum of enterprise tasks, opportunities for IoT adoption are proliferating, with tremendous market growth. The key forecasts are set out below:-

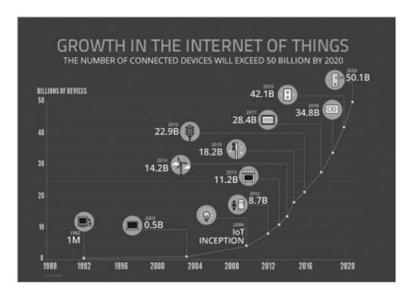
• Cisco predicts the global IoT market will be USD14.4 trillion by 2022, with the majority invested in improving customer experiences.







• The number of connected devices is projected to grow from 22.9 billion in 2016 to 50.1 billion by 2020, attaining a 21.62% CAGR in four years.



 Worldwide spending on IoT will grow at a 17% CAGR from USD698.6 billion in 2015 to nearly USD1.3 trillion in 2019.

Source: Forbes, 27 December 2015

• In 2015, the Ministry of Science, Innovation & Technology Malaysia launched the National IoT Strategic Roadmap, which forecasted opportunities to reach RM9.5 billion in 2020 and RM42.5 billion in 2025. The National IoT Strategic Roadmap outlines 3 national goals, namely to create a conducive IoT industry ecosystem, strengthen technopreneur capabilities in Apps & Services layer and develop Malaysia as the Regional Development Hub for IoT. Source: MDeC

Future plans

To achieve our business objectives, we are focused on providing high levels of customer service. Also, we are constantly on the lookout to provide more attractive product lines. Further, we are in the process of structuring to exploit new product development with our inhouse Research and Development capabilities.

Our future growth initiatives include the following:-

- to expand into Vietnam (2018), Cambodia and Myanmar (2019) and Sri Lanka/Thailand/UAE (2020)
- the next big step is to deploy the platform in all key emerging SEA countries and then getting each platform
 to communicate to one another. Once this is done, we will be able to make the entire SEA region a seamless
 connected realm where any enterprise wanting to get services connected across SEA can just subscribe to our
 platform as a service. If executed successfully and in a timely manner, this initiative could make N'osairis one
 of the leading IoT Services providers in SEA. We target to execute this plan by 2020.
- N'osairis is constantly on the lookout of expanding network/product/software partners to build the key components that is Business Intelligence to capitalise our NeX platform. N'osairis has entered into a partnership with ISA (Intelligent Sensing Anywhere) in Portugal and is currently engaged in discussions with a potential partner in the Philippines.





OVERALL PROSPECTS AND FUTURE PLANS OF THE GROUP

The Proposed Injection of CUCMS into AEGB entails the merging of the education business of CUCMS, AMU, AMC and AMETIS. This would enable the enlarged AEGB Group to streamline operations through sharing common facilities (used for similar courses) and human resources to derive economies of scale, thus giving rise to potential cost savings and improved operational efficiency. In addition, AMU and CUCMS will further benefit from better coordination of business planning and resource deployment and are expected to be in a better position to coordinate their marketing strategies given that they are able to utilise common advertising and marketing channels such as combined online lead generation campaigns and combined regional exhibition platforms with an aim of reducing cost through efficiencies of scale and to avoid competing in the same market segment.

In addition, the rationalisation and streamlining medical schools under 1 entity, i.e. AEGB, could potentially result in SMRT achieving improved revenues through the expansion of its market reach to Johor and East Malaysia by leveraging on AEGB's existing customer base given that AEGB currently operates 6 institutions located in Cheras, Johor Bahru, Ipoh, Kota Bahru, Kuching and Kota Kinabalu, with the names of AMU, AMC and AMETIS.

The Education Division under AEGB will be led by a separate management team, thereby enabling SMRT to focus on growing its Training and Technology businesses.

The fast-expanding and evolving landscapes of the future involve human skills development and technology. Increasing interconnectivity in a globalised world, and the ability of people to adapt to rapid disruptions are crucial areas which businesses will need to focus upon. The opportunities are large particularly in emerging markets as the nature of globalisation changes, and technology reshapes the world we live and work in. The huge "ICASA" (India, China, Africa, and Southeast Asia) markets hold the potential for significant continued expansion. Southeast Asia's impressive past growth has been driven by an expanding labour force and a shift of workers from agriculture to manufacturing. To continue growing as these factors fade, the region needs substantial investment in infrastructure that supports digitization and urbanization. Approximately more than half of global growth over the next ten years is expected to come from these geographies. Source: www. mckinsey.com

With Malaysia focused on achieving a 35% skilled workforce by 2020, there has been an intensified focus by the Malaysian Government on developing skills in most sectors targeted for the growth of Malaysian economy.

The Group is poised to capitalise on these vast opportunities in the human resource development and technology arenas, with a geographical focus on the rapid growth region of South East Asia. With most of the development costs for software and some of its language tools and materials fully written off in 2016, the costs structure of the Training and Technology Divisions in 2017 are expected to be lower.

Under its Training business, the Group is well positioned to capitalise on opportunities arising from Government initiatives in the HR sector with the Group being the authorised provider of UK-based CIPD and ILM qualifications as well as with its own intellectual property and network of trainers and customers served over the years.

Under its Technology business, the Group has completed the development phase of its Cloud Based Human Capital Management suite at the end of 2016, for which it is actively promoting and commercialising its product. Coupled with its entry into the IoT segment last year, the Group is well positioned to reap the benefits of the huge potential within the technology and human resource development industries in which it operates.





CORPORATE DEVELOPMENTS



The Company entered into a conditional Share Sale Agreement ("SSA") with Priority Digit Sdn Bhd to acquire 1,152,000 ordinary shares in N'osairis Technology Solutions Sdn Bhd ("N'osairis") representing 64.0% of the issued and paid-up share capital in N'osairis ("Sale Shares") for a purchase consideration of RM6.0 million ("Acquisition of N'osaris").

The Purchase Consideration shall be satisfied via the issuance of 25,210,100 ordinary shares of the Company.

26 February 2016

The Company announced that the Conditions Precedent pursuant to the SSA dated 5th February 2016 have been fulfilled following the approval of Bursa Securities on 25th February 2016 for the listing of and quotation for 25,210,100 new SMRT Shares to be issued in relation to the Acquisition of N'osairis.

01 March 2016

The Acquisition of N'osairis has been completed, with N'osairis being a 64.0%-owned subsidiary of the Company.

16 March 2016

The Company entered into a Share Sale and Purchase Agreement with Brecon Synergy Sdn Bhd ("Purchaser") for the disposal of 900,000 ordinary shares of RM1.00 each representing 90% equity interest in the issued and paid-up share capital of SMR Education Solutions Sdn Bhd ("SMRES") for a consideration of RM450,000.00 ("Disposal of SMRES").

18
July 2016

The Company announced that all the Conditions Precedent of the Agreement have been fulfilled and the Disposal of SMRES has been completed. Accordingly, SMRES ceased to be a wholly-owned subsidiary of the Company.

O2 September 2016

On behalf of the Company, TA Securities Holdings Berhad ("TA Securities") announced the proposal to undertake a Private Placement of up to 36,021,725 new Shares, representing ten percent (10%) of the enlarged issued and paid-up share capital of the Company.





CORPORATE DEVELOPMENTS cont'd



The Company completed the 1^{st} tranche Private Placement with the listing of 11,848,341 at an issue price RM0.211 per share.



On behalf of the Company, TA Securities announced that the Company, together with its wholly-owned subsidiary, SMR Education Sdn Bhd ("SESB"), entered into a conditional share sale agreement with ASIAMET Education Group Berhad ("AEGB") for the proposed disposal by the Company and SESB of the entire issued and paid-up share capital of CUCMS Education Sdn Bhd ("CESB"), comprising 20,000,000 ordinary shares of RM1.00 each in CESB to AEGB for a total disposal consideration of RM166.0 million to be satisfied fully via the issuance of approximately 830,000,000 new AEGB Shares ("Consideration Shares") to the Company and SESB at an issue price of RM0.20 each ("Proposed Disposal").

Upon allotment and issuance of the Consideration Shares pursuant to the Proposed Disposal, SESB, together with the Parties Acting in Concert with it, namely SMRT, Strategic Ambience Sdn Bhd, Arenga Pinnata Sdn Bhd, Creador II, LLC and Creador II, LP (collectively referred to as "PACs") will collectively hold equity interests of 85.0% in the enlarged AEGB Group. The interest held by SESB will increase, from nil, to more than 33% (i.e. 48.18%) in the enlarged issued and paid-up share capital of AEGB. Following thereof, SESB proposes to undertake a placement of up to 210,000,000 Placement Shares at a placement price of RM0.20 per share, thereby reducing SESB's equity interest from 48.18% to 30.76% upon the completion of the Proposed Placement.

The Proposed Disposal is subject to inter-alia the approval of shareholders of SMRT and AEGB, Ministry of Higher Education and relevant regulatory authorities.



The Company's securities were reclassified from 'Technology' sector to 'Trading/Services' sector.



The Company granted a total of 42,555,000 share options under the Employee Share Options Scheme ("ESOS") to eligible directors and employees at an exercise price RM0.16 per share.





AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee ("ARMC") is pleased to present the ARMC Report for the financial year ended 31st December 2016 in compliance with Ace Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

A) Composition of ARMC

ARMC Members	Position	Date Appointed/ (Resigned)
Mr Leow Nan Chye	Chairman, Independent Non-Executive Director	5 th October 2005
Tuan Haji Ishak Bin Hashim	Member, Independent Non- Executive Director	5 th October 2005
Dato' (Dr) Asariah Binti Mior Shaharuddin	Member, Independent Non- Executive Director	4 th November 2013

The ARMC shall meet at least four (4) times a year, although additional meetings may be called at any time at the ARMC Chairman's discretion. In order to form the quorum for each meeting, the majority of members present must be Independent Directors.

The ARMC met four (4) times during the financial year ended 31st December 2016 and the records of attendance of the ARMC members are set out below:

ARMC Meeting Attendance During Tenure in Office							
ARMC Members	Position	26 th Feb	26 th May	26 th Aug	24 th Nov	Attendance (nos)	Attendance (%)
Mr Leow Nan Chye	Chairman, Independent Non- Executive Director	✓	✓	✓	✓	4/4	100%
Tuan Haji Ishak Bin Hashim	Member, Independent Non- Executive Director	✓	✓	✓	✓	4/4	100%
Dato' (Dr) Asariah Binti Mior Shaharuddin	Member, Independent Non- Executive Director	✓	✓	✓	✓	4/4	100%

In addition to the ARMC members, the Head of Finance and the Internal Auditors shall normally attend the meetings as an invitee. Representatives of the External Auditors shall attend meetings where matters relating to the audit of the statutory accounts and/or the External Auditors are to be discussed. Other Board members, Senior Management and employees may attend the meeting upon the invitation of the ARMC Chairman. However, the ARMC should meet with the External Auditors without the Executive Directors' and Management presence at least twice a year. During the year, they met twice on 26th February 2016 and 24th November 2016 without the presence of the Executive Directors and Management.

Notice of meeting shall be sent to all members of the ARMC and any other person who may be required/ invited to attend. All quarterly results and annual financial statements shall be reviewed by the ARMC in the ARMC meeting to be held prior to the Board meeting and be presented to the Board for approval. The ARMC Chairman shall report on each meeting to the Board.

The Company Secretary shall be the secretary of the ARMC and will be responsible for sending out notices of meetings, preparing and keeping minutes of meetings and circulating the minutes of meetings to all members of the Board.

The terms of reference of the ARMC are published on the Company's website www.smrhub.com.

Summary of the ARMC Activities for the Financial Year Ended 31st December 2016

In line with the Terms of Reference of the ARMC, the activities of the ARMC during the financial year under review are as follows:

1. Financial Reporting

a) Reviewed the unaudited quarterly financial statements and audited financial statements and made relevant recommendations for approval by the Board; and





AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

Summary of the ARMC Activities for the Financial Year Ended 31st December 2016 cont'd

1. Financial Reporting cont'd

b) Reviewed the draft audited financial statements of the Group and the Company for the financial year ended 31st December 2016, together with Directors' and Auditors' Reports thereon prior to submission to the Board for consideration and approval.

2. External Audit

- Considered the findings by the external auditors during review of the annual results and Management's responses thereto;
- Reviewed and discussed with the external auditors the nature and scope of their audit and ensured that the audit is comprehensive;
- c) Reviewed the external auditors' audit plan of the Group for the financial year ended 31st December 2016;
- d) Discussed developments in financial reporting and standards with external auditors in relation to future financial years/ periods;
- e) Reviewed the performance and effectiveness of the external auditors in the provision of statutory audit services;
- f) Reviewed the fees and type of non-audit services provided by the external auditors;

The audit and non-audit fees for the financial year ended 31st December 2016 were as follows:-

	Company	Group
	RM'000	RM'000
Audit fees	40	207
Non-audit fees	г	г
a) Review of Statement of Risk Management and Internal Controlb) Review of realised and unrealised Retained Earnings	3	3

- g) Assessed the quality of service provided, the audit firm's reputation and the independence of the external auditors; and
- h) Recommended the re-appointment of external auditors of the Company by the Board, and subject to shareholders' approval.

3. Internal Audit

- a) Reviewed the Group internal audit plan and scope of work for the financial year ended 31st December 2016;
- Reviewed the internal audit report for the Group, which also incorporated audit findings, recommendations and Management responses, for the Group and the Company by the external service provider for internal audit services;
- Ensured appropriate actions were taken to ensure the effectiveness of the internal control systems based on feedback received from internal auditors; and
- d) Reviewed the Group's related party transactions.

4. Risk Management

- a) Reviewed the Risk Management Handbook and Registry of Risk;
- Assisted the Board to oversee the implementation of risk management system and reviewed the adequacy and effectiveness of the Group's risk management and its policy to ensure its continued application and relevance;





AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

Summary of the ARMC Activities for the Financial Year Ended 31st December 2016 cont'd

4. Risk Management cont'd

- Reviewed operational and financial performance of the Group to ensure that appropriate measures were taken to address any significant risks; and
- d) Reviewed and recommended for Board approval the draft ARMC Report and draft Statement of Risk Management and Internal Control in the Company's Annual Report for the financial year ended 31st December 2016.

B) Internal Audit Function

Pursuant to the AMLR of Bursa Securities and in compliance with the Malaysian Code on Corporate Governance 2012, the Company engaged an external professional firm to carry out the internal audit function for the financial year ended 31st December 2016. The Internal Auditors report directly to the ARMC.

The Internal Auditors provide an independent and objective assessment of the adequacy and effectiveness of the Group's risk management and internal controls which is performed with impartiality, proficiency and due professional care

The internal audit function adopts a risk based auditing approach by focusing on reviewing identified high risk areas for compliance with control policies and procedures, identifying business risks which have not been appropriately addressed and evaluating the adequacy and integrity of controls. The internal audit function assists the ARMC in discharging its duties and responsibilities with respect to the adequacy and integrity of the system of internal controls within the Group.

During the year, a risk based audit of the Group's operating divisions was conducted to ensure compliance with internal control procedures, improve weaknesses and propose appropriate recommendations towards improving and strengthening of controls.

C) Statement In Relation to Allocation of Employee Share Option Scheme ("ESOS")

On 27th October 2015, the Company has announced that Bursa Securities had approved the listing of and quotation for additional new SMRT Shares, representing up to fifteen (15%) of the issued and paid-up ordinary share capital of SMRT (excluding treasury shares) to be issued pursuant to the exercise of the ESOS. The ESOS has been effective from 28th November 2015.

Under the ESOS, share options are granted to eligible directors, local employees (Malaysia) and overseas subsidiaries' employees.

The Company has granted a total of 42,555,000 share options under the ESOS in the financial year ended 31st December 2016.

Movement of shares options during the financial year

	Number of ESOS of RM 0.10 each (Unit)
Outstanding as at 1st January 2016	-
Granted	42,555,000
Forfeited	-
Exercised	-
Outstanding as at 31 st December 2016	42,555,000





AUDIT AND RISK MANAGEMENT COMMITTEE REPORT cont'd

C) Statement In Relation to Allocation of Employee Share Option Scheme ("ESOS") cont'd

Movement of share options by Directors

		Number of ESOS of RM 0.10 each					
Directors	Position	At 1 st January 2016	Granted	Exercised	Lapsed	At 31st December 2016	
Tan Sri Datoʻ Dr R Palan	Chairman	-	3,800,000	-	-	3,800,000	
Mr Malayandi @ Kalaiarasu	Executive Director	-	3,800,000	-	_	3,800,000	
Mr Leow Nan Chye	Independent Non- Executive Director	-	250,000	-	_	250,000	
Tuan Hj Ishak Bin Hashim	Independent Non- Executive Director	-	250,000	-	-	250,000	
Dato' (Dr) Asariah Binti Mior Shaharuddin	Independent Non- Executive Director	_	250,000	-	_	250,000	

The Option Committee has reviewed the share options granted to Senior Management and is of the opinion that they are within the criteria as set out in the By-Laws.





The Board of Directors of SMRT Holdings Berhad ("Board") recognises that its primary role is to protect and promote the interests of its shareholders, with the overriding objective of enhancing the long-term value of SMRT Holdings Berhad and its subsidiaries ("the Group"). In this regard, the Board has always been supportive of the adoption of the principles as set out in the Malaysian Code on Corporate Governance 2012 ("Code"). The Board is fully committed in ensuring that the principles of corporate governance are observed and practised throughout the Group to safeguard stakeholders' interests and to enhance shareholders' value.

SUMMARY OF KEY ACTIVITIES OF THE BOARD DURING THE FINANCIAL YEAR ENDED 31st DECEMBER 2016

- (a) One of the key roles and responsibilities of the Board is to define and set the strategic direction of the Group. As in previous years, the Board reviewed the strategies, budgets and targets developed by the Management team. The Company remains focused in delivering sustainable returns to the shareholders. In a challenging economic environment, the Board also focused on expenditure optimisation strategies whilst prioritising expansion strategies in tandem with current and potential market changes.
- (b) As part of the oversight responsibility, the Board reviewed the Group's operating results on a quarterly basis.
- (c) The Board also reviewed the adequacy of the Group's controls and risk management plans throughout the year. The Audit and Risk Management Committee ("ARMC") assisted the Management team in reviewing the status of risk management activities by the respective business segments on a quarterly basis.
- (d) The effectiveness of the Board, Board Committees and their respective charters/terms of reference to bring the provisions in line with best practices, were assessed.
- (e) Through the ARMC, the Board also assessed the efficacy of external and internal auditors in discharging their duties. The ARMC met twice, in accordance with the terms of reference of the ARMC, with the external auditors without the presence of Management to confirm that there was no undue influence or interference applied by Management to the audit teams.

The Board is pleased to provide the following statements which outline how the Group has applied the principles and best practices set out in the Code.

1.0 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Board has formally established a Board Charter, which sets out the role, functions, composition, operation and processes of the Board. The Charter provides guidance to the Board in relation to the Board's role, duties, responsibilities and authorities which are in line with the principles of good corporate governance. The Charter also outlines the processes and procedures for the Board and its Committees to achieve high governance standards. The Board Charter shall be periodically reviewed, as and when necessary. The Board Charter is published on the Company's corporate website at www.smrhub.com.

The Board is responsible for the overall corporate governance of the Group, its strategic direction, overseeing the conduct of the Group's business to evaluate whether the business is being properly managed, identifying principal risks and ensuring the implementation of appropriate systems to manage these risks, succession planning, developing shareholders communication policy and reviewing the adequacy and the integrity of the Group's internal control systems.

1.1. Clear Functions Reserved for the Board and Delegated to Management

The Board functions on the principle that all significant and material matters are addressed by the Board. The Board plays an active role in reviewing and adopting the strategic business plans for the Group, by ensuring that the strategies proposed by the Management are discussed at length and critically examined by the Directors, who are provided with sufficient information to enable their discharge of duties with reasonable care, skill and diligence.

To ensure the effective discharge of its responsibilities, the Board has delineated Reserved Matters, from those delegated to the Board Committees and the Executive Directors. The delegation of authority to the Board Committees and the Executive Directors are set out in the Terms of Reference ("TOR") of the respective committees, which are published on the Company's website www.smrhub.com.





1.0 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES cont'd

1.1. Clear Functions Reserved for the Board and Delegated to Management cont'd

Reserved Matters are expressly set out in the Limits of Authority ("LOA") which include, but are not limited to, the review and approval of transactions with threshold amounts exceeding the LOA of the Executive Directors, strategic business plan and annual budget, audited and quarterly financial statements, and major capital expenditure; whereby such considerations are always subject to compliance with the applicable laws and regulations governing the Group. The LOA matrix sets out the specific approval thresholds for Management decisions and the authorised persons for various scopes/business activities to be undertaken.

The Board has delegated specific responsibilities to three (3) Board committees namely ARMC, Remuneration Committee ("RC") and Nomination Committee ("NC"), which are guided by the TOR approved by the Board. The ultimate responsibility for the final decisions on all matters, however lies with the Board.

1.2 Formalised Ethical Standards

(a) Code of Ethics

The Board has adopted a Code of Ethics for its Directors which is incorporated in the Board Charter, which is periodically reviewed. The Directors observe the Directors' Code of Ethics established by the Companies Commission of Malaysia ("CCM") which can be viewed from CCM's website at www.ssm.com.my.

(b) Whistle Blowing Policy

The Board has formally adopted a Whistle Blowing Policy which is applicable to all Directors and employees of the Group. The policy provides an avenue to report any improper conduct occurring in the course of dealings with the Company and its business operations. Under the policy, confidentiality of the matter raised is maintained and the identity of the whistle blower is protected.

The Whistle Blowing Policy is posted on the Company's website at www.smrhub.com. Any improper conduct may be reported in writing directly to leow@smrhub.com, which is accessible by the ARMC Chairman.

(c) Insider Dealing Policy

The Board and the Management hold a stringent view of the personal duty and obligations of its Directors, officers and employees within the Group to comply with the relevant insider trading laws and restrictions. The Board has adopted an Insider Dealing Policy which has been circulated to all employees.

1.3 Strategies Promoting Sustainability

The Board ensures that the Group's strategies promote sustainability with specific attention to health, safety, security and environmental, social and economic attributes of the Group's businesses.

(a) Sustainability Policy

The Board has formalised and adopted a Sustainability Policy. The Sustainability Policy sets out the manner in which the Group carries on its business which is undertaken in a socially responsible, trustworthy and ethical manner while accepting accountability for impact on environment, social and governance fronts. Key aspects of the policy focus on social awareness and betterment, environmental preservation, and sound and effective corporate governance.

(b) Economic Sustainability

The Company upholds the implementation of effective governance and controls to improve operational performance towards creating economic sustainability. The Group's assets and resources are being utilised responsibly towards promoting growth and creating value for the benefit of shareholders.

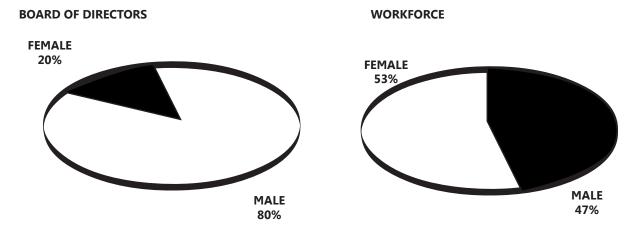




1.0 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES cont'd

1.4 Board and Workforce Diversity

The Group is committed in maintaining a working environment in which all individuals are treated fairly and respectfully and have equal access to opportunities. Decisions related to recruitment selection, development or promotion are based upon merit and ability to adequately meet the requirements of the job, and are not in influenced by factors such as gender, marital status, race, ethnic origin, nationality, religion, age, or disability. We are proud to employ all races and nationalities within the Group. Women continue to make up 53% of the total workforce as at 31st December 2016.



1.5 Access to Information and Advice

Relevant information and agenda are circulated to the Board members in advance of the Board meeting to ensure the Directors have sufficient time to obtain further information and explanations, where necessary, before the meeting so as to enable them to duly discharge their duties.

The proceedings and relevant board resolutions passed at the Board meetings are properly documented and filed in the Minutes Book maintained at the Registered Office.

The Board has unrestricted access to any pertinent information to the Group's affairs. In addition, the Board has access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that the Board meeting procedures are adhered to and that applicable rules and regulations are being compiled with. In exercising their duties, the Board is also entitled to obtain independent advice at the Company's expense whenever the need arises.

1.6 Company Secretaries

The Board is supported by the services of qualified Company Secretaries. Their responsibilities include advising the Board and Management on matters relating to the constitution of companies and facilitating compliance with the Listing Requirements and the relevant companies' legislations. The Company Secretaries provide support in the execution of corporate proposals and acts as the Secretary to the Board Committees. In addition to their statutory duties, the Company Secretaries also facilitate communication between the Board and Management. Every Director has unhindered access to the advice and services of the Company Secretaries.

The Company Secretaries issue a formal Notice of Board Meeting and agenda to the Board members at least 7 days prior to the Board meeting to ensure the Directors have sufficient time to obtain further information and explanations, where necessary, before the meeting so as to enable them to duly discharge their duties.

The proceedings and relevant board resolutions passed at the Board meetings are properly documented and filed in the Minutes Book maintained at the Registered Office.





2.0 STRENGTHEN BOARD COMPOSITION

2.1 Board Composition

The Board consists of members from different backgrounds and diverse expertise which provides oversight to the Group's businesses. The Board currently consists of two (2) Executive Directors and three (3) Independent Non-Executive Directors. Exactly 60% of the Board are Independent, which is higher than the minimum requirement of at least two (2) Directors or one-third of the Board of the Company, whichever is the higher, as prescribed in the Listing Requirements.

The Independent Non-Executive Directors play a crucial role in the exercise of independent assessment and objective participation in Board deliberations and the decision-making process and provides for effective check and balance in the functioning of the Board. The Independent Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealings and are not involved in any other relationship with the Group which could materially interfere with the exercise of their independent judgement. The Executive Directors are responsible for the implementation of the Board's policies and decisions and keep the Board informed of the key aspects of the Group's businesses.

The Group is led and controlled by an experienced Board, many of whom have intimate knowledge of the business. The Board considers that the mix of experience from the Non-Executive Directors complement that of the Executive Directors to create an effective Board.

Mr Leow Nan Chye acts as the Senior Independent Non-Executive Director to whom concerns may be conveyed.

2.2 Appointment and Re-election/ Re-appointment of Directors

All appointment of new directors to the Board are properly made with established and transparent procedures and in compliance with the relevant rules of the relevant authorities. The Nomination Committee is responsible for Board nomination and appointment process for appointment of new Directors and the annual assessment of the Directors proposed for re-election and/or re-appointment and retention of independent Directors at an Annual General Meeting.

Upon appointment, a briefing will be given to the newly appointed Director to ensure he/she understands the nature of the Group's business and operations.

According to the Company's Articles of Association ("Articles"), any Director who is appointed during the year shall retire at the Company's annual general meeting following his appointment and 1/3 of the Board who do not retire as aforesaid, will retire by rotation at every annual general meeting. The Articles further provide that every Director is subject to retirement once in every 3 calendar years and all retiring Directors are eligible for re-election.

At the Board Meeting held on 27th February 2017, the Board approved the recommendation of the Nomination Committee that Mr Malayandi @ Kalaiarasu, who retires by rotation pursuant to Article 94 of the Articles be eligible to stand for re-election at the forthcoming Annual General Meeting.

At the same Board Meeting, the Board approved the recommendation of the Nomination Committee that Tuan Haji Ishak Bin Hashim, who had been re-appointed in the last AGM held on 26th May 2016 as Director under Section 129(2) of the former Companies Act 1965 which was then in force and whose term would expire at the conclusion of the forthcoming AGM to continue in office from the date of the forthcoming AGM onwards, be eligible to stand for re-appointment at the forthcoming Annual General Meeting.

The Board proposed that all the above-mentioned Directors be re-elected/re-appointed as Directors of the Company for effective functioning of the Board.

2.3 Directors' Remuneration

The Executive Directors are remunerated in accordance with the terms of their employment contract. Their remuneration is aligned to the scope of their duties and responsibilities, pre-requisite qualifications and experience, strategic targets of the Group, their performance and that of the Group, and the current competitive remuneration package for the same position in comparable companies.





2.0 STRENGTHEN BOARD COMPOSITION cont'd

2.3 Directors' Remuneration cont'd

The RC, which meets at least once a year and as and when necessary, has the responsibility for reviewing and recommending to the Board the remuneration package and terms of employment of the Executive Directors. The Directors concerned abstain from participating in decisions in respect of their remuneration.

An analysis of the aggregate Directors' remuneration paid for Directors of the Group and Company for the year ended 31st December 2016 is set out below:

Type of Directorship	Salary & Allowance (RM'000)	Directors' Fees (RM'000)	Attendance Fees (RM'000)	Contribution to Provident Fund & Socso (RM'000)	Total (RM'000)
Executive	1,493	-	11	180	1,684
Non-Executive	-	144	17	-	161
Total:	1,493	144	28	180	1,845

An analysis of the number of Directors of the Group and Company whose remuneration falls under each range is set out below:

Remuneration band	Number o	f Directors
Remuneration Danu	Executive	Non-Executive
Below RM50,000	-	3
RM50,001 – RM100,000	-	-
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	1	-
RM1,200,001 – RM1,250,000	1	-
Total:	2	3

For confidential reasons, the details of individual Directors' remuneration are not shown. The Board is of the opinion that the transparency and accountability aspects of corporate governance as applicable to Director's remuneration are appropriately served by the disclosure made above.





3.0 REINFORCE INDEPENDENCE

3.1 Assessment of Directors

The NC evaluates a potential Board candidate based on established selection criteria, which include among others:

- · Education and experience in areas that are relevant to the Group's strategies and business plan
- Character of the individual to ensure that there will be a right fit
- Ability to dedicate sufficient time to discharge his/her responsibilities
- Unblemished reputation for integrity and ability to exercise good business judgment

Each Director will be given the opportunity to meet the proposed candidate before appointment. The NC will then recommend the candidate to the Board for its final decision.

The NC also annually assesses the effectiveness of the Board as a whole, Board Committees and Directors individually.

On 27th February 2017, the NC carried out its annual appraisal on the effectiveness of the Board, its Committees, contribution of each Director and the independence of the Independent Directors. The annual appraisal was conducted via questionnaires. This meeting was attended by all members of the NC.

The Board's effectiveness was assessed in the areas of composition, board strategy, board meetings, corporate and financial reporting, risk management and investor relations. The review criteria for assessing the Directors' individual performance was largely focused on their meeting attendance, competencies, experience, knowledge and commitment, contribution to interaction, constructive expression of views and issues, quality of input and understanding of role as Directors.

The NC, upon the review carried out, is satisfied that the size of the Board is optimum and that there is an appropriate mix of experience and expertise in the composition of the Board and its Committees.

3.2 Tenure of Independent Directors

In respect of the financial year ended 31st December 2016, the tenure of the Independent Non-Executive Directors is as follows:

Independent Non-Executive Directors	Date Appointed	Tenure
Tuan Haji Ishak Bin Hashim	5 th October 2005	11 years 2 months
Mr Leow Nan Chye	5 th October 2005	11 years 2 months
Dato' (Dr) Asariah Binti Mior Shaharuddin	27 th February 2014	2 years 10 months

The Code recommends that the tenure of an Independent Directors should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board as a non-independent director.

Tuan Haji Ishak Bin Hashim and Mr Leow Nan Chye are the two (2) Independent Non-Executive Directors who had served on the Board for more than nine (9) years. Although they have served more than nine (9) years cumulatively, the Board through its Nomination Committee has assessed their independence through the approved evaluation process and the Board is satisfied that they are independent.

The Board intends to seek shareholders' approval at the forthcoming Annual General Meeting to retain Tuan Haji Ishak and Mr Leow Nan Chye as Independent Non-Executive Directors for the ensuing year.

The Board will continue to assess the best practices relating to the combined role of Chairman and tenure of Independent Directors to ensure that decisions are made in the best interests of the Group.





3.0 REINFORCE INDEPENDENCE cont'd

3.3 Separation of Chairman and CEO

The Chairman is responsible for the leadership and governance of the Board, ensuring its effectiveness, orderly conduct and working of the Board. He is also overall responsible for the day-to-day management of the Group's businesses, organisational effectiveness and implementation of Board policies, strategies and decisions.

Tan Sri Dato' Dr R Palan takes on the role of Chairman of the Group, given his leadership and entrepreneurship skills, business acumen and his vast experience in the industry.

The Group Chief Executive is responsible for the day-to-day management of all aspects of the Group's operations.

3.4 Board Committees

In line with the Best Practices of the Code, the Company has established three Committees of Directors ("Committees") to assist in the performance of certain duties of the Board under specific terms of reference. The Committees are composed mainly of non-executive directors, with the majority being Independent directors.

i) Audit and Risk Management Committee ("ARMC")

The composition of the ARMC, its role and Terms of Reference and attendance of each member during the financial year are set out in the ARMC Report of this Annual Report.

ii) Nomination Committee ("NC")

The present members of the NC are as follows:

Nomination Committee Members	Position	Date Appointed
Tuan Haji Ishak Bin Hashim	Chairman, Independent Non- Executive Director	5 th October 2005
Mr Leow Nan Chye	Member, Independent Non- Executive Director	5 th October 2005
Dato' (Dr) Asariah Binti Mior Shaharuddin	Member, Independent Non- Executive Director	27 th February 2014

The primary objectives of the NC are to act as a committee of the full Board to assist in discharging the Board's responsibilities in:

- (a) assessing the ability of the existing Directors to contribute to the effective decision making of the Board;
- (b) identifying, appointing and orienting new Directors;
- (c) identifying the mix of skills and experience and other qualities the Board requires in order to function completely and efficiently.

The terms of reference for the NC is published on the Company's website www.smrhub.com.

The NC held 1 meeting in the financial year ended 31st December 2016 and discussed, inter alia, the following matters:

- (a) Assessed and evaluated the effectiveness of the Board of Directors as a whole and the Committees of the Board;
- (b) Recommended the re-election of Tan Sri Dato' Dr R Palan who retires pursuant to Article 94 of the Company's Articles of Association at the Twelfth Annual General Meeting;
- (c) To recommend the re-appointment of Tuan Haji Ishak who retires pursuant to Section 129(2) of the Companies Act 1965 at the Twelfth Annual General Meeting;





3.0 REINFORCE INDEPENDENCE cont'd

3.4 Board Committees cont'd

(d) Assessed the independence of the Independent Non Executive Directors of the Company namely Mr Leow Nan Chye and Tuan Haji Ishak pursuant to Recommendation 3.3 of the Code, and if deemed fit, to make recommendations to the Board of Directors for their re-appointment.

iii) Remuneration Committee ("RC")

The RC comprises a majority of Independent Non-Executive Directors. The composition meets the AMLR and the Code.

The present members of the RC are as follows:

Nomination Committee Members	Position	Date Appointed
Tuan Haji Ishak Bin Hashim	Chairman, Independent Non- Executive Director	5 th October 2005
Mr Leow Nan Chye	Member, Independent Non- Executive Director	5 th October 2005
Mr Malayandi @ Kalaiarasu	Member, Executive Director	27 th February 2014

The primary function of the RC is to set up the policy framework and recommend to the Board on remuneration packages. The remuneration of Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the businesses of the Group effectively.

The terms of reference for the RC is published on the Company's website www.smrhub.com.

The RC held 1 meeting in the financial year ended 31st December 2016, and reviewed and recommended the Remuneration Package of the Directors for the financial year ended 31st December 2016.

4.0 FOSTERING COMMITMENT

4.1 Time Commitment

The Directors are cognisant of the time commitment expected from each of them to attend to matters of the Group generally, including attendance at Board meetings, Board Committee meetings and other types of meetings. Furthermore, the annual Board meeting calendar is planned and agreed by the Directors prior to the commencement of each new financial year.

The Company has enhanced procedures for acceptance of external directorships. The Directors are required to provide immediate notification to the Chairman of the Board when accepting any new directorships to ensure that there are no potential conflicts of interest. Any change to their directorships will be tabled at the quarterly Board meetings. None of the Directors are Directors of more than five public listed companies and the Company is satisfied that the present directorships in external organisations held by the Directors do not give rise to any conflicts of interests nor impair their ability to discharge their responsibilities to the Group.

The ARMC and Board hold regular meetings on a quarterly basis, while additional meetings may be convened to resolve any major and ad hoc matters requiring immediate attention. The NC and RC meet at least once a year and as and when necessary.

A total of 5 Board meetings and 4 ARMC meetings were held in 2016. The NC and the RC met once.





4.0 FOSTERING COMMITMENT cont'd

4.1 Time Commitment cont'd

The attendance record of individual directors at duly convened Board and Board committee meetings are as follows:

Attendance Record During Tenure in Office					
NAME	Position	BOARD	ARMC	NC	RC
Number of meetings held during the financial year		5	4	1	1
Tan Sri Datoʻ Dr R Palan	Chairman	5/5	N/A	N/A	N/A
Dato' (Dr) Asariah Binti Mior Shaharuddin	Independent Non-Executive Director	5/5	4/4	1/1	N/A
Tuan Haji Ishak Bin Hashim	Independent Non-Executive Director	5/5	4/4	1/1	1/1
Mr Leow Nan Chye	Independent Non-Executive Director	5/5	4/4	1/1	1/1
Mr Malayandi @ Kalaiarasu	Executive Director	5/5	N/A	N/A	1/1

4.2 Directors' Training

The Directors are kept informed of available external training programmes which come to the attention of the Company. The NC also assesses the training needs of the Directors.

As required under the AMLR of Bursa Malaysia, all the Directors have attended the Directors' Mandatory Accreditation Programme. The Directors continue to attend various professional programmes necessary to enhance their professionalism in the discharge of their duties.

During the financial year ended 31st December 2016, the Directors evaluated their own training needs on a continuous basis and attended the following:-

Name of Directors	Course	Date
Tan Sri Dato' Dr R Palan	 The Asia HRD Congress 2016 MVCA Companies Bill Workshop 2016 The Interplay between CG, Non-Financial Information (NFI) and Investment Decision 	26 th – 27 th July 2016 3 rd August 2016 28 th September 2016
Dato' (Dr) Asariah Binti Mior Shaharuddin	 The Asia HRD Congress 2016 Corporate Governance Breakfast Series with Directors: "Anti-Corruption & Integrity -Foundation of Corporate Sustainability 	26 th – 27 th July 2016 8 th December 2016
Tuan Haji Ishak Bin Hashim	The Asia HRD Congress 2016Case Study Workshop for Independent Directors	26 th – 27 th July 2016 22 nd August 2016
Mr Leow Nan Chye	 Ring the Bell for Gender Equality Future of Auditor Reporting The Asia HRD Congress 2016 The Interplay between CG, Non-Financial Information (NFI) and Investment Decision 	11 th March 2016 27 th June 2016 26 th – 27 th July 2016 28 th September 2016
Mr Malayandi @ Kalaiarasu	 The Asia HRD Congress 2016 Trade Talk on Business Opportunity with Sri Lanka (Matrade) World Export Development Forum Sri Lanka 	26 th – 27 th July 2016 28 th September 2016 12 th – 13 th October 2016





5.0 UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

In addition to the duties and responsibilities set out under its TOR, the ARMC assists the Board in the review of the financial statements of the Group to ensure that they are prepared in compliance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and the requirements of the Companies Act, 1965 in Malaysia ("Act").

The ARMC reviews the Company's quarterly financial reports and audited financial statements prior to recommending them for approval by the Board. The Board is ultimately responsible for presenting a clear, balanced and comprehensive assessment of the Group's financial position, performance and prospects each time it releases its quarterly and annual financial statements to its shareholders as well as ensuring that the financial statements give a true and fair view of the results of operations and the financial state of affairs of the Group.

During the year, the External Auditors, Messrs Baker Tilly Monteiro Heng ("Baker Tilly") were invited to the ARMC Meeting to brief the ARMC on specific issues arising from the annual audit of the Group and to give appropriate advice in ensuring due compliance with the approved accounting standards. Suggested areas of improvement were taken note by the Management for further action.

In addition, the ARMC had, on two occasions, met with the External Auditors without the presence of the Management and the Executive Directors to allow the ARMC and the External Auditors to exchange independent views on matters which require the Committee's attention. On both occasions, no concerns of note were raised by the External Auditors.

5.2 Assessment of External Auditors

The ARMC has received an annual written confirmation of the External Auditors' independence in accordance with its firm's requirements and the provisions of the Bylaws on Professional Independence of the Malaysian Institute of Accountants.

Based on the above-mentioned confirmation by Baker Tilly, the ARMC believes that the independence of Baker Tilly has been maintained.

The ARMC is satisfied with the suitability of Baker Tilly, based on the quality of services and sufficiency of resources they provided to the Group, in terms of the firm and the professional staff assigned to the audit.

Accordingly, the ARMC supports the resolution for their re-appointment and remuneration at the forthcoming Annual General Meeting.

5.3 Provision of Non-Audit Services

To safeguard the independence and objectivity of the External Auditors, the Board has adopted the External Auditor Independence Policy which sets out the types of prohibited services and the requisite approval process for the provision of non-audit services by the external auditors.

During the financial year ended 31st December 2016, the Group incurred approximately RM8,000 in non-audit fees representing 4% of the total fees to the External Auditors.

The ARMC did not note any non-compliances with the External Auditor Independence Policy by the External Auditors.

5.4 Statement of Directors' Responsibilities in Financial Reporting

The Directors affirm that they are responsible for ensuring the financial statements of the Group are drawn up in accordance with the requirements of the applicable approved Financial Reporting Standards in Malaysia and the AMLR of Bursa Securities and that the financial statements give a true and fair view of the state of affairs of the Group at the end of the financial year and of the results of the operations and of the cash flows of the Group for the financial year then ended.





5.0 UPHOLD INTEGRITY IN FINANCIAL REPORTING cont'd

5.4 Statement of Directors' Responsibilities in Financial Reporting cont'd

In preparing the financial statements, the Directors have:

- adopted the applicable approved Financial Reporting Standards in Malaysia;
- applied the appropriate and relevant accounting policies on a consistent basis;
- · made judgements and estimates that are reasonable and prudent;
- prepared the financial statements on a going concern basis; and
- ensured that proper accounting records are kept so as to enable the preparation of the financial statements with reasonable accuracy.

The Directors have also taken reasonable steps to safeguard the assets of the Group, and to prevent and detect fraud as well as other irregularities.

6.0 RECOGNISE AND MANAGE RISKS

6.1 Sound Risk Management and Internal Controls

The Board is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. Risk management is embedded in the Group's management systems. The Board with the assistance of the ARMC and the outsourced internal audit function has established processes for identifying, evaluating and managing the significant risks faced by the core business of the Group. The outcome of the process is reviewed by the Board and is guided by the Statement on Risk Management & Internal Control Guidelines for Directors of Public Listed Companies issued by Bursa Securities.

6.2 Internal Audit Function

The Group has outsourced the function of internal audit to a professional service provider, Messrs Sterling Business Alignment Sdn Bhd as it is more effective and beneficial to do so given the current size of the Group's operations. An annual internal audit plan covering the proposed audit scope is presented to the ARMC for approval. The ARMC also reviews the composition of the outsourced internal audit team to ensure competent personnel is allocated to carry out internal audit on the Group. An internal audit report containing the audit findings together with recommendations for improvement are presented to the Management and the ARMC, with follow-up audits performed to ensure the Management's action plans are carried out accordingly.

During the financial year, four (4) meetings were held with the Internal Auditor. Further information on the Group's Risk Management Framework and Internal Control System is presented in the Statement on Risk Management & Internal Control set out in this Annual Report.

7.0 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure

The Company is guided by the Corporate Disclosure Guide for Directors issued by Bursa Securities to promote timely and high quality disclosure of material information to the public. The Company has a process for the preparation of announcements to Bursa Malaysia, which is coordinated between the Company Secretary, Finance, and Legal teams when relevant, to ensure that the information to be disclosed is properly verified before it is disseminated. Depending on the type of information to be released, prior approval of the Board will be obtained. Otherwise, the approval of the Chairman is obtained.

7.2 Dissemination of Information

The Group leverages on information technology to disseminate vital information to the public. From the Company's website www.smrhub.com and Bursa Malaysia's website at www.bursamalaysia.com, the stakeholders can access information such as annual reports, notice of general meetings, press releases and public announcements, amongst others. There are also dedicated sections on corporate governance and financial results.





8.0 STRENGTHENING RELATIONSHIP BETWEEN SHAREHOLDERS AND INVESTORS

8.1 Encouraging Shareholder Participation

The Board recognises the importance of shareholders' engagement, which is reflective of the Board's fiduciary duties to the shareholders. The Board believes that clear and consistent communication encourages a better appreciation of the business and activities, and allows the business and prospects to be better understood and evaluated properly by the shareholders.

8.2 Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue and interaction with individual shareholders and investors where they may seek clarifications on the Group's businesses. Shareholders are notified of the meeting and provided the Notice of AGM 21 days before the meeting. All Directors are available to provide responses to questions from shareholders during this meeting. External Auditors are also present to provide their professional and independent clarification on conduct of the audit and content of the audit report. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder.

8.3 Poll Voting

Shareholders are invited to vote on all resolutions and the outcome is subsequently announced upon voting for each resolution.

Shareholders are invited to vote on all resolutions and the outcome is subsequently announced upon voting for each resolution. Minutes of the AGM are recorded by the Company Secretaries and are available on the Company's website www.smrhub.com.

9.0 COMPLIANCE STATEMENT

The Group has complied throughout the financial year with the principles and recommendations of the Code except for the disclosure of details of remuneration of each individual Director.

Deviation from the Code is explained under section 2.3 of this Statement on Corporate Governance.





OTHER COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

As at 31st March 2017, the 1st tranche of private placement has been completed on 18th October 2016 where 11,848,341 new ordinary shares of RM0.10 each have been issued. The proceeds of RM2.5 million raised from the placement shares have been fully utilised in the following manner:

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Devia Amou RM'000	
Proceeds from Private Placement on	1 1	2,500		 	
18 th October 2016				I I	
a) Repayment of bank borrowings	3,500	1,850	Within 12 months	1,650	35%
b Working capital	1,159	550	Within 12 months	609	13%
c) Expenses for Private Placement	100	77	within 2 weeks	23	0%
Total:	4,759	2,477		2,282	48%

2. AUDIT AND NON-AUDIT FEE

During the financial year under review, total audit and non-audit fees paid to Messrs Baker Tilly Monteiro Heng by the Company and Group are as below:-

	Company RM'000	Group RM'000
Audit fees	40	207
Non-audit fees		
a) Review of Statement of Risk Management and Internal Control	5	5
b) Review of realised and unrealised Retained Earnings	3	3

3. MATERIAL CONTRACTS

Other than those disclosed in Note 5 on Page 48 (Recurrent Related Party Transactions of a Revenue or Trading Nature) and in Note 32(b) on Page 123 (Significant Related Party Transactions) in this Annual Report, there was no material contract entered into by the Company and its subsidiaries involving the interest of the Company's Directors and/or substantial shareholders.

4. REVALUATION POLICY

Except for freehold land and property which is to be revalued at an interval of at least once in every five (5) years should the need arise due to significant changes in fair value, the Group does not have a revaluation policy.

5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

On 26th May 2016, the Company had obtained shareholders' mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("RRPT") with related parties. The aggregate value of recurrent transactions entered into by the Group during the financial year was as follows:

Company in the Group involved in the RRPT	Related Party	Transactions	Interested Related Parties	Transacted values for the financial year RM'000
SMR HR Technologies Sdn Bhd ("SMR HRT")	Tan Sri Datoʻ Dr R Palan ("Tan Sri DRP")	Payment of rental for office space to Related Party	Tan Sri DRP ⁽¹⁾	215

Notes:

(i) Tan Sri DRP is a substantial shareholder and Director of SMRT Holdings Berhad.





STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board affirms its commitment in maintaining a sound system of internal control and risk management practices within the Group in accordance with the Malaysian Code on Corporate Governance. The Board is pleased to present the Statement on Risk Management and Internal Control ("the Statement") which outlines the Group's risk management framework and the internal control system of the Group during the financial year ended 31st December 2016 and up to the date of this Statement.

BOARD RESPONSIBILITY

The Board's responsibility includes the establishment of appropriate systems of control as well as reviewing the adequacy and integrity of the system in managing the Group's business risks. A sound system of internal control is important to safeguard the shareholders' investments and the Group's assets. The system of internal control, due to its inherent limitations is designed to manage and control risk rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Board recognises that risk management is an integral part of the Group's business objectives and is critical for the Group to achieve sustainable growth in shareholders' value.

RISK MANAGEMENT STRUCTURE



A Registry of Risk and a Risk Management Handbook are adopted. The Registry of Risk is maintained to identify principal business risks and the corresponding actions for the Executive Management team to objectively manage the identified risks which is updated for on-going changes. The Risk Management Handbook summarises the risk management methodology, approach and processes, roles and responsibilities, and various risk management concepts. Enhancements are made, where necessary, in line with the Board's commitment to improve the Group's governance, risk management and control framework.

The process of identifying, evaluating, monitoring and managing significant risks is embedded in various work processes and procedures of the respective operational functions and management team. The respective risk owners / officers who are the Heads of the Business Divisions, are entrusted to identify risks and to ensure that adequate control systems are implemented to mitigate significant risks faced by the Group.

The Executive Management team assists the Audit and Risk Management Committee and the Board in the continuous process of identifying, measuring, controlling, monitoring, and reporting significant risks affecting the achievement of the Group's business objectives. It provides the Board with the framework to anticipate and manage both the existing and potential risks, taking into consideration the changing risk profiles as dictated by changes in business and regulatory environment, the Group's strategies and functional activities throughout the year.

Significant business risks, financial risks and operations risks and mitigating action plans are discussed and addressed during the quarterly Executive Management meetings and monthly Operations Meetings. Such risks and action plans are also discussed at quarterly Audit and Risk Management Committee meetings.





STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL cont'd

RISK MANAGEMENT STRUCTURE cont'd

The Board is aware of the importance of identifying potential threats to the organisation and the impact such threats may have on business operations.

During the period, the Board considered all key risks that have been highlighted, and how these had been addressed. Some of the key risks and mitigating action plans considered include the following:-

- In relation to susceptibility to potential external business uncertainties and reliance on major clients, the Group is focused on expanding its clientele base, including in non-government related markets.
- The effects of an economic slowdown are being mitigated by periodical business strategic reviews with continuous assessment of its existing products and services, the positioning, target customers and markets.
- The impact of any changes in government policy and regulatory requirements are addressed by the rationalisation of programme portfolio and an effective marketing strategy.
- The Group's Business Divisions operate in competitive environments. Regular evaluations of business strategy are performed as a counter to competition.
- The increasing trend in costs is mitigated by the implementation of cost reduction exercises and strict cost control
 measures.

INTERNAL CONTROL

The Board recognises that reviewing the Group's system of internal control is a concerted and continuous process, designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system of internal control can only provide reasonable and not absolute assurance against material misstatement, fraud and loss.

The Board believes that the Group's system of internal control, financial or otherwise, should provide reasonable assurance regarding the achievement of the Group's objectives in ensuring efficiency and effectiveness of operations, reliability and transparency of financial information and compliance with laws and regulations.

The key internal control elements that the Board has established in facilitating the adequacy and integrity of the system of internal controls are as follows: -

- The Group has its Board Committees and Management team to assist the Board in discharging its responsibilities. They
 comprise individuals with high integrity and caliber who meet regularly in the discharge of their duties. Terms of
 Reference have been written for the Board Committee namely the Audit and Risk Management Committee, Nomination
 Committee and Remuneration Committee. The Committees have the authority to examine all matters within their scope
 and report to the Board with their recommendations.
- The Audit and Risk Management Committee works independently with the outsourced internal audit team to ensure further corporate governance and internal controls are in place and ensure systems and processes meet the required standards.
- The Group maintains a formal and clearly defined organisation structure with delineated lines of authority, responsibility and accountability within the Group. The Board has put in place suitably qualified and experienced Management personnel to head the Group's diverse Business Divisions to deliver results and their performance is measured against Key Performance Indicators (KPIs).
- The Group implements a Budgeting process where budgets for operating Business Divisions are prepared and approved by the Management and monthly monitoring of results against budget with major variances highlighted and management action taken where necessary.
- The Board monitors the Group's performance by reviewing the quarterly financial and operational performance and examines the announcement to Bursa Securities. These are reviewed by the Audit and Risk Management Committee before they are tabled to the Board.
- Financial, operating and business risks are managed by ensuring appropriate controls, systems and people are in place throughout the Group's businesses. Key organisational controls employed in managing operating risks include segregation of duties, transactions verification and authorisation, financial performance tracking and management reporting.
- Internal operating procedures and guidelines are documented and easily accessible by all staff on the SharePoint system. The Group periodically reviews and updates these to ensure that they continue to support the Group's business activities.
- Necessary actions are taken on the weaknesses identified in the internal control systems with the implementation of improved control measures and processes.
- An annual audit is conducted by SIRIM auditors to ensure the quality systems of the Group are in compliance with the requirements of the ISO 9001:2008 certification. This ensures that customers are assured of delivery of the highest quality of systems, products and services.





STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL cont'd

INTERNAL CONTROL cont'd

- Proper guidelines are in place for hiring and termination of staff, formal training programmes, training needs analysis,
 performance appraisals and other relevant procedures within the Group to ensure employees are competent and are
 adequately trained in performing their responsibilities.
- The Group is implementing a Succession Planning programme that trains the selected talent-pool management employees with the necessary experience, skills and leadership for key management roles.

INTERNAL AUDIT FUNCTION

The Board through the Audit and Risk Management Committee endorsed and approved the scope of work for the Internal Audit function through the review of its one year detailed audit plan.

The Group has outsourced its internal audit function to an independent consulting firm. During the financial year, the internal auditor reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the Company and its major Business Divisions and recommended improvements to the internal control process.

The Internal Auditors report directly to the Audit and Risk Management Committee on improvement measures pertaining to internal controls, including subsequent follow-up to determine the extent that their recommendations have been implemented by the Management. The status of implementation is monitored through follow-up audits which are reported at quarterly Executive Management meetings and quarterly Audit and Risk Management Committee meetings. The Management is responsible for ensuring that corrective actions to control weaknesses are implemented within a defined time frame. The Audit and Risk Management Committee keeps track and addresses any issues that relates to this matter at every meeting and its members are constantly being updated on any activities that relates to the above. For the financial year ended 31st December 2016, the total costs incurred for the outsourced internal audit function is RM46,080.

For the financial year ended 31st December 2016, the following subsidiaries/Business Divisions of the Group were audited by the Internal Auditor:-

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
1st Quarter (Jan 2016 – Mar 2016)	May 2016	Cyberjaya University College of Medical Sciences (CUCMS)	Asset Management
2nd Quarter (Apr 2016 – Jun 2016)	August 2016	SMRT Holdings Berhad and its subsidiaries	Human Resources Management
3rd Quarter (Jul 2016 – Sept 2016)	November 2016	SMRT Holdings Berhad and its subsidiaries	Finance and Accounts
4th Quarter (Oct 2016 – Dec 2016)	February 2017	SMRT Holdings Berhad and its subsidiaries	Review of the Risk Register, Risk Matrix, Risk Management Framework and Risk Management Manual.

During the financial year under review, the Internal Auditor presented their status report comprising follow-up actions on previously reported audited findings in respect of the following subsidiaries/Business Divisions of the Group:-

Name of Entities audited by the Internal Audit Team	Date of Follow up Status Report
CUCMS:-	
 Asset Management functions for Audit reported in May 2016. 	
 Facilities Management at CUCMS for Audit reported in November 2015. 	26 th August 2016
Collegiate Champion Program (CCP) functions for Audit reported in May 2015	
SMRT Holdings Berhad and its subsidiaries:-	
 Finance and Accounts functions for Audit reported in November 2016. 	27 th February 2017
• Human Resources Management functions for Audit reported in August 2016.	





STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL cont'd

REVIEW OF THE STATEMENT BY THE BOARD OF DIRECTORS

This Statement on Risk Management and Internal Control is made in accordance with the Malaysian Code on Corporate Governance 2012, "Statement on Internal Control and Risk Management: Guidance for Directors of Public Listed Companies" and the Bursa Malaysia Securities Berhad Listing Requirements.

In making this Statement, the Board has received assurance from the Chairman and the Group Chief Executive Officer who are also responsible for the Group's financial matters, that the risk management and internal control systems of the Group are operating effectively, in all material aspects.

The Board is of the view that the risk management and internal control system in place during the year under review up to the date of approval of the annual report, is adequate and effective to safeguard the shareholders' investment, the interests of employees and the Group's assets. The Board is satisfied that there is an ongoing process of identifying, evaluating and managing significant risks faced by the Group in its achievement of objectives and strategies. The existing system of internal control is adequate and properly implemented and there are no major weaknesses within the businesses of the Group. For the financial year under review, there were no material losses, incurred as a result of weaknesses in the internal control system that would require disclosure in this Annual Report.

The Board recognises that the risk management and internal control systems must continuously improve to meet the challenging business environment and will continue to take appropriate action plans to strengthen the Group's systems.

Review by External Auditors

The External Auditors, Messrs. Baker Tilly Monteiro Heng, have reviewed this Statement and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's risk management framework and internal control system.





The directors hereby present their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31st December 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year	(35,861,934)	(31,383,576)
Attributable to:		
Owner of the Company	(37,006,044)	(31,383,576)
Non-controlling interests	1,144,110	
	(35,861,934)	(31,383,576)

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31st December 2016.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors of the Company are not aware of any circumstances which would render the amount written off for bad debts or to amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.





CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in the financial statements; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made, other than as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company had increased its issued and paid-up share capital via the issuance of:

- (a) 25,210,100 new ordinary shares of RM0.10 each at an exercise price of RM0.205 per ordinary share as the purchase consideration for the acquisition of 64% equity interest in N'osairis Technology Solutions Sdn. Bhd. pursuant to a share sale agreement dated 5th February 2016; and
- (b) 11,848,341 new ordinary shares of RM0.10 each from a private placement at an exercise price of RM0.211 per ordinary share for repayment of term loans and working capital purposes.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The Company did not issue any debentures during the financial year.





EMPLOYEE SHARE OPTION SCHEMES

At an Extraordinary General Meeting held on 25th September 2015, the Company's shareholders approved the establishment of an Employees Share Option Schemes ("ESOS") of not more than 15% of the total issued and paid up ordinary share capital of the Company to eligible directors and employees of the Group.

The salient features and terms of the ESOS are disclosed in Note 17 to the financial statements.

The Company had granted a total of 42,555,000 share options of RM0.10 each under the ESOS on 16th December 2016 with an exercise price of RM0.16.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the name of the option holders, other than directors, who have been granted share options to subscribe for less than 970,000 shares options of RM0.10 each. Except for certain directors of the company, there are no other employees who have been granted more then 970,000 shares options.

WARRANT

By virtue of a Deed Poll executed on 10th August 2012 for the bonus issue of 85,963,833 free warrants issued on the basis of 1 warrant for every 2 existing shares, each warrant entitles the registered holder the right at any time during the exercise period to subscribe in cash for 1 new ordinary shares at an exercise price of RM0.18 at the expiry of 5 years from the date of issuance.

		Number of	Warrants	
	At 1.1.2016	Exercised	Lapsed	At 31.12.2016
Warrants	74,712,468	-	-	74,712,468

During the financial year, there were no warrants being exercised.

TREASURY SHARES

During the financial year, the Company repurchased 10,000 of its issued ordinary shares from the open market at the average price of RM0.19 per share. The total consideration paid for the repurchase including the transaction costs was RM1,900. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia.

As at 31st December 2016, the Company held as treasury shares a total of 7,221,700 of its 291,353,127 issued ordinary shares. Such treasury shares are held at a carrying amount of RM2,432,951 and other relevant details are disclosed in Note 16 to the financial statements.

DIRECTORS

The directors in office since the date of the last report are:

Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar Malayandi @ Kalaiarasu Leow Nan Chye Ishak Bin Hashim Dato' (Dr) Asariah Binti Mior Shaharuddin





DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held in office at the end of the financial year in shares in the Company and its related corporations during the financial year ended 31st December 2016 are as follows:

	Number	of Ordinary Sh	ares of RM0	.10 each
	At 1.1.2016	Bought	Sold	At 31.12.2016
The Company SMRT Holdings Berhad				
<u>Direct Interest</u>				
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar Leow Nan Chye Ishak Bin Hashim Malayandi @ Kalaiarasu	7,248,797 485,200 36,610 33,333	- - - -	(30,000)	7,248,797 485,200 6,610 33,333
Indirect Interest Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar #	58,837,318	-	-	58,837,318

[#] Deemed interested as per Section 6A and 122A of the Act, by virtue of his shareholding in Special Flagship Holdings Sdn. Bhd., and his spouse, Puan Sri Datin Kamatchi @ Valliammai A/P Malayandi.

	Numl	per of Warrant	s of RM0.1	8 each
	At 1.1.2016	Bought	Sold	At 31.12.2016
The Company SMRT Holdings Berhad				
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	31	-	-	- 31
Leow Nan Chye	50	220,000	-	220,050
Ishak Bin Hashim	91,566	-	-	91,566
Malayandi @ Kalaiarasu	16,666	-	-	16,666

	Nu	mber of ESOS	of RM0.10 e	ach
	At 1.1.2016	Granted	Lapsed	At 31.12.2016
The Company SMRT Holdings Berhad				
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	-	3,800,000	-	3,800,000
Malayandi @ Kalaiarasu	-	3,800,000	-	3,800,000
Leow Nan Chye	-	250,000	-	250,000
Ishak Bin Hashim	-	250,000	-	250,000
Dato' (Dr) Asariah Binti Mior Shaharuddin		250,000	-	250,000

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 6A of the Companies Act, 1965 in Malaysia, Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares of the Company and its related corporations during the financial year.





DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Directors' Remuneration and Note 27 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Option Schemes.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 5 and Note 36 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

TAN SRI DATO' DR. PALANIAPPAN A/L RAMANATHAN CHETTIAR

Director

MALAYANDI @ KALAIARASU

Director

Date: 20th April 2017





STATEMENTS OF FINANCIAL POSITION As at 31st December 2016

		Gre	oup	Com	pany
	Note	2016 RM	2015 RM	2016 RM	2015 RM
ASSETS	1				
Non-current assets					
Property, plant and equipment	4	7,409,963	7,603,334	-	-
Investment in subsidiaries	5	-	-	30,537,866	29,479,256
Investment in associates	6	16,483,682	30,675,074	100,000	-
Goodwill on consolidation	7	16,723,830	13,902,040	-	-
Intangible assets	8	10,116,478	14,118,153	=	-
		50,733,953	66,298,601	30,637,866	29,479,256
CURRENT ASSETS					
Inventories	9	-	24,206	_	-
Trade and other receivables	10	37,539,325	44,209,214	100,899	100,170
Amount due from subsidiaries	11	-	-	52,626,945	74,477,280
Deferred tax assets	12	315,255	180,455	-	-
Tax recoverable		2,514,291	2,173,420	-	-
Deposits placed with licensed banks	13	750,735	3,815,358	-	-
Cash and bank balances		5,163,727	9,467,678	2,081,220	1,732,612
		46,283,333	59,870,331	54,809,064	76,310,062
TOTAL ASSETS		97,017,286	126,168,932	85,446,930	105,789,318
EQUITY AND LIABILITIES					
Equity attributable to Owners of the Company					
Share capital	14	29,735,313	26,029,469	29,735,313	26,029,469
Share premium	15	34,509,032	30,546,805	34,509,032	30,546,805
Treasury shares	16	(2,432,951)	(2,431,051)	(2,432,951)	(2,431,051)
Share based payment reserve	17	2,279,687	-	2,279,687	-
Revaluation reserve	18	2,234,743	2,280,350	-	-
Foreign currency translation reserve	19	1,484,038	1,568,771	-	-
Statutory reserve	20	203,809	203,809	-	-
(Accumulated losses)/Retained profits		(34,431,873)	2,528,566	(35,851,825)	(4,468,249)
		33,581,798	60,726,719	28,239,256	49,676,974
Non-controlling interests		2,591,582	127,689	-, 55,-36	-
Total Equity		36,173,380	60,854,408	28,239,256	49,676,974





		Gro	oup	Com	pany
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Non-current liabilities					
Loans and borrowings Deferred tax liabilities	21 12	26,447,998 2,575,184	39,871,758 2,249,273	26,187,300 -	39,427,800 -
		29,023,182	42,121,031	26,187,300	39,427,800
Current liabilities					
Trade and other payables Amount due to subsidiaries Loans and borrowings Tax payables	25 11 21	16,243,042 - 15,569,258 8,424	11,873,733 - 9,563,172 1,756,588	1,671,472 16,107,815 13,240,500 587	433,853 6,900,821 9,348,000 1,870
		31,820,724	23,193,493	31,020,374	16,684,544
Total liabilities		60,843,906	65,314,524	57,207,674	56,112,344
TOTAL EQUITY AND LIABILITIES		97,017,286	126,168,932	85,446,930	105,789,318

^{*} The accompanying notes form an integral part of these financial statements.





STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year ended 31st December 2016

		Gre	oup	Comp	pany
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Revenue Cost of sales	26	81,461,743 (54,860,186)	101,094,677 (69,397,800)	10,561,937 -	5,349,803 -
GROSS PROFIT		26,601,557	31,696,877	10,561,937	5,349,803
Other income Administrative expenses		3,356,743 (53,402,497)	1,440,008 (53,162,248)	103 (41,616,206)	64,240 (3,671,010)
OPERATING (LOSS)/PROFIT	27	(23,444,197)	(20,025,363)	(31,054,166)	1,743,033
Finance costs Share of results of an associate, net of tax	28 6	(3,255,290) (6,654,914)	(3,385,275) (4,248,752)	(330,550)	(464,740)
(LOSS)/PROFIT BEFORE TAXATION		(33,354,401)	(27,659,390)	(31,384,716)	1,278,293
Taxation	29	(2,507,533)	(2,419,601)	1,140	(7,629)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(35,861,934)	(30,078,991)	(31,383,576)	1,270,664
Other comprehensive income, net of tax Items that may be reclassified subsequently to profit or loss					
- amortisation of revaluation reserve - foreign currency translation	18	(45,607) (84,733)	(46,538) 183,815	-	-
Other comprehensive income for the financial year		(130,340)	137,277	-	-
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE FINANCIAL YEAR		(35,992,274)	(29,941,714)	(31,383,576)	1,270,664





STATEMENTS OF PROFIT OR LOSS AND OTHER **COMPREHENSIVE INCOME**

For the Financial Year ended 31st December 2016 cont'd

		Gre	oup	Comp	any
	Note	2016 RM	2015 RM	2016 RM	2015 RM
(Loss)/Profit attributable to:					
Owners of the Company Non-controlling interests		(37,006,044) 1,144,110	(30,074,839) (4,152)	(31,383,576)	1,270,664 -
		(35,861,934)	(30,078,991)	(31,383,576)	1,270,664
Total comprehensive (loss)/income attributable to:			,		
Owners of the Company Non-controlling interests		(37,136,384) 1,144,110	(29,937,562) (4,152)	(31,383,576)	1,270,664
		(35,992,274)	(29,941,714)	(31,383,576)	1,270,664
(Loss)/Earnings per share attributable to Owners of the Company (sen):					
Basic loss per ordinary share	30(a)	(13.31)	(12.15)		
Diluted earnings per ordinary share	30(b)	(13.31)	(12.15)		





STATEMENT OF CHANGES IN EQUITYFor the Financial Year ended 31st December 2016

					— Non-Distributable	ibutable —					
	Share Capital RM	Treasury Shares RM	Share Premium RM	Share Based Payment Reserve	Revaluation Reserve RM	Foreign Currency Translation Reserve	Statutory Reserve RM	Accumulated Losses RM	Sub-total RM	Non- Controlling Interests RM	Total Equity RM
Group											
As at 1 st January 2016	26,029,469	(2,431,051)	30,546,805	'	2,280,350	1,568,771	203,809	2,528,566	60,726,719	127,689	60,854,408
Total comprehensive income for the financial year											
Loss for the financial year	1	ı	1	ı	ı	ı	ı	(37,006,044)	(37,006,044)	1,144,110	(35,861,934)
Other comprehensive income for the financial year	1	ı	1	ı	(45,607)	(84,733)	1	45,607	(84,733)	1	(84,733)
Total comprehensive income	ı	ı	,	'	(45,607)	(84,733)	ı	(36,960,437)	(37,090,777)	1,144,110	(35,946,667)
Transactions with owners											
Share issued for acquisition of subsidiaries	2,521,010	'	2,647,061	1	-	-	1	-	5,168,071	1	5,168,071
Issuance of shares via private placements	1,184,834	ı	1,315,166		1	1	1	1	2,500,000	1	2,500,000
Share options granted under Employee Share Option Scheme	ı	1	1		1	1	1	1	2,279,687	1	2,279,687
Repurchased of shares	ı	(1,900)	ı	1	1	1	1	ı	(1,900)	ı	(1,900)
Changes in ownership interests in subsidiaries	1	1	1	ı	'	'	1	(2)	(2)	1,319,783	1,319,781
Total transactions with owners	3,705,844	(1,900)	3,962,227	2,279,687	1	1	1	(2)	9,945,856	1,319,783	11,265,639
As at 31st December 2016	29,735,313	(2,432,951)	34,509,032	2,279,687	2,234,743	1,484,038	203,809	(34,431,873)	33,581,798	2,591,582	36,173,380





STATEMENT OF CHANGES IN EQUITYFor the Financial Year ended 31st December 2016 cont'd

				•		— Non-Distributable	ibutable —	1				
		Share Capital RM	Treasury Shares RM	Share Premium RM	Share Based Payment Reserve RM	Revaluation Reserve RM	Foreign Currency Translation Reserve RM	Statutory Reserve RM	Retained Profits RM	Sub-total RM	Non- Controlling Interests RM	Total Equity RM
	Group											
	As at 1st January 2015	23,517,495	(2,376,144)	21,256,938	44,930	2,326,888	1,384,956	203,809	32,556,863	78,915,735	131,841	79,047,576
	Total comprehensive income for the financial year											
	Loss for the financial year	'	,	1	'	'	,	1	(30,074,839)	(30,074,839)	(4,152)	(30,078,991)
	Other comprehensive income for the financial year	1	1	1	1	(46,538)	183,815	1	46,538	183,815	1	183,815
	Total comprehensive income	•	1	1	1	(46,538)	183,815	1	(30,028,301)	(29,891,024)	(4,152)	(29,895,176)
	Transactions with owners											
	Issuance of shares via:											
	- Private placements	2,352,740	1	9,175,686	1	-	1	ı	,	11,528,426	,	11,528,426
	- Employee Share Option Schemes exercised	159,234	ı	114,181	(44,930)	1	1	1	4	228,489	1	228,489
Δηημία	Repurchased of shares	1	(54,907)	1	1	1	1	1	•	(54,907)	1	(54,907)
l Repor	Total transactions with owners	2,511,974	(54,907)	9,289,867	(44,930)	1		,	4	11,702,008	'	11,702,008
t 2 € 16	As at 31st December 2015	26,029,469	(2,431,051)	30,546,805	'	2,280,350	1,568,771	203,809	2,528,566	60,726,719	127,689	60,854,408





STATEMENT OF CHANGES IN EQUITY For the Financial Year ended 31st December 2016 cont'd

			•	Non- Distributable —		
	Share Capital RM	Treasury Shares RM	Share Premium RM	Share Based Payment Reserve RM	Accumulated Losses RM	Total Equity RM
Company						
As at 1st January 2016	26,029,469	(2,431,051)	30,546,805	-	(4,468,249)	49,676,974
Total comprehensive income for the financial year						
Profit for the financial year	-	-	-	-	(31,383,576)	(31,383,576)
Transactions with owners						
Share issued for acquisition of subsidiaries	2,521,010	-	2,647,061	-	-	5,168,071
Issuance of shares via private placements	1,184,834	-	1,315,166	-	-	2,500,000
Share options granted under Employee Share Option Scheme	-	-	-	2,279,687	-	2,279,687
Repurchased of shares	-	(1,900)	-	_	-	(1,900)
	3,705,844	(1,900)	3,962,227	2,279,687	-	9,945,858
As at 31st December 2016	29,735,313	(2,432,951)	34,509,032	2,279,687	(35,851,825)	28,239,256





STATEMENT OF CHANGES IN EQUITYFor the Financial Year ended 31st December 2016 cont'd

				Non- Distributable		
	Share Capital RM	Treasury Shares RM	Share Premium RM	Share Based Payment Reserve RM	Accumulated Losses RM	Total Equity RM
Company						
As at 1st January 2015	23,517,495	(2,376,144)	21,256,938	44,930	(5,738,917)	36,704,302
Total comprehensive income for the financial year						
Profit for the financial year	-	-	-	-	1,270,664	1,270,664
Transactions with owners						
Issuance of shares via:						
- Private placements	2,352,740	-	9,175,686	-	-	11,528,426
- Employee Share Option Schemes exercised	159,234	-	114,181	(44,930)	4	228,489
Repurchased of shares	-	(54,907)	-	-	-	(54,907)
	2,511,974	(54,907)	9,289,867	(44,930)	4	11,702,008
As at 31st December 2015	26,029,469	(2,431,051)	30,546,805	-	(4,468,249)	49,676,974





STATEMENTS OF CASH FLOWSFor the Financial Year ended 31st December 2016

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES:				
(Loss)/Profit before taxation	(33,354,401)	(27,659,390)	(31,384,716)	1,278,293
Adjustments for:				
Amortisation of:				
- intangible assets	541,792	2,691,952	-	-
- other receivables no longer required	-	(1,180)	-	-
Depreciation of property, plant and equipment	1,921,566	3,068,612	-	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	(743,248)	(22,370)	-	-
- investment in a subsidiary	(549,998)	-	222,911	-
- intangible assets	-	1,585,647	-	-
Allowance of impairment for:				
- goodwill	-	3,604,406	-	-
- intangible assets	4,085,481	3,681,627	-	-
- investment in subsidiaries	-	-	4,325,074	-
- investment in an associate	7,636,478	8,326,279	-	-
- trade receivables	3,500,000	1,104,667	-	-
- other receivables	530,000	450,000	-	-
- amount due from subsidiaries	-	-	32,631,380	-
Interest expense	3,255,290	3,385,275	330,550	464,740
Interest income	(117,745)	(134,961)	(103)	-
Dividend income	-	-	(10,561,937)	-
Share based payment expenses	2,279,687	-	1,291,163	-
Share of results of associates	6,654,914	4,248,752	-	-
Unrealised (gain)/loss on foreign exchange	(2,614)	15,065	-	-
Written off for:				
- property, plant and equipment	20,376	449,116	-	-
- intangible assets	444,402	-	-	-
- trade receivables	2,257,320	-	-	-
- other receivables	10,113	-	-	-
- prepayments	-	1,096,000	-	-
Reversal of impairment loss no longer required for trade receivables	(491,519)			
Operating Cash Flows Before Working Capital Changes	(2,122,106)	5,889,497	(3,145,678)	1,743,033





STATEMENTS OF CASH FLOWS For the Financial Year ended 31st December 2016 cont'd

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Changes In Working Capital:				
Inventories	24,206	9,453	-	-
Payables	(167,464)	(3,062,177)	1,237,619	149,322
Receivables	6,837,354	8,281,462	(729)	39,017
	4,571,990	11,118,235	(1,908,788)	1,931,372
Tax paid	(4,843,250)	(5,862,764)	(8,343)	(6,330)
Tax refunded	24,512	124,534	8,200	571
Interest paid	(145,892)	(145,183)	-	-
Interest received	117,745	134,961	103	
Net Operating Cash Flows	(274,895)	5,369,783	(1,908,828)	1,925,613
CASH FLOWS FROM INVESTING ACTIVITIES:				
Advances to subsidiaries	-	-	(1,574,051)	(43,483,525)
Dividend income	-	-	10,561,937	-
Decrease/(Increase) in deposit held as security value	3,064,623	(1,736,210)	-	-
Purchase of property, plant and equipment (Note A)	(1,532,360)	(2,227,545)	-	-
Additional investment in development costs	(1,070,000)	(2,000,000)	-	-
Investment in subsidiaries	-	-	-	(2,677,898)
Net cash inflows on investment in subsidiaries (Note 5(c))	2,203,208	-	-	-
Proceeds from disposal of:				
- investment in a subsidiary, net of cash inflows	449,998	-	450,000	-
- property, plant and equipment	961,832	37,993	-	-
Net Investing Cash Flows	4,077,301	(5,925,762)	9,437,886	(46,161,423)





STATEMENTS OF CASH FLOWS For the Financial Year ended 31st December 2016 cont'd

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FROM FINANCING ACTIVITIES:				
Interest paid	(3,109,398)	(3,240,092)	(330,550)	(464,740)
Proceeds from issuance of shares	2,500,000	11,756,915	2,500,000	11,756,915
Purchase of treasury shares	(1,900)	(54,907)	(1,900)	(54,907)
Dividend income	-	8,650,022	-	-
Investment in an associate	-	(51,900,127)	-	-
Repayment of:				
- hire purchase payables	(235,654)	(348,791)	-	-
- term loan	(9,348,000)	(8,310,000)	(9,348,000)	(8,310,000)
Term loan drawndown	-	36,330,000	-	36,330,000
Net Financing Cash Flows	(10,194,952)	(7,116,980)	(7,180,450)	39,257,268
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,392,546)	(7,672,959)	348,608	(4,978,542)
EFFECT ON FOREIGN EXCHANGE RATE CHANGE	(77,385)	217,321	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	9,467,678	16,923,316	1,732,612	6,711,154
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	2,997,747	9,467,678	2,081,220	1,732,612
ANALYSIS OF CASH AND CASH EQUIVALENTS:				
Cash and bank balances	5,163,727	9,467,678	2,081,220	1,732,612
Deposits placed with licensed banks	750,735	3,815,358	-	-
Bank overdraft	(2,165,980)	-	-	-
	3,748,482	13,283,036	2,081,220	1,732,612
Less: Deposits held as security value	(750,735)	(3,815,358)		
	2,997,747	9,467,678	2,081,220	1,732,612





STATEMENTS OF CASH FLOWS For the Financial Year ended 31st December 2016 cont'd

Purchase of property, plant and equipment

	Group		
	2016 RM	2015 RM	
Purchase of property, plant and equipment	1,532,360	2,227,545	
Financed by hire purchase agreements	-	-	
Cash payments	1,532,360	2,227,545	





NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at Suite 2A-23-1, Block 2A, Level 23, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur.

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20th April 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

(a) Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

(b) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(c) Basis of Measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 2.3 to the financial statements.

(d) Use of Estimates and Judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires the Group to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Group's best knowledge of current events and actions, actual results may differ.

The areas involved a higher degree of judgment or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 3 to the financial statements.

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretation ("IC Int")

(a) Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:





NOTES TO THE FINANCIAL STATEMENTS cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretation ("IC Int") cont'd

(a) Adoption of amendments/improvements to MFRSs

Amendments/Improvements to MFRSs

MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 138	Intangible Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

(b) New MFRSs, amendments/improvements to MFRSs and New IC Int that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective:

Effective 1	for f	inanc	:ial	peri	iods
b	egin	ning	on	or a	fter

New MFRSs		
MFRS 9	Financial Instruments	1 st January 2018
MFRS 15	Revenue from Contracts with Customers	1 st January 2018
MFRS 16	Leases	1 st January 2019
Amendments/Improv	vements to MFRSs	
MFRS 1	First-time adoption of MFRSs	1 st January 2018
MFRS 2	Share-based Payments	1 st January 2018
MFRS 4	Insurance Contracts	1 st January 2018
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 12	Disclosure of Interests in Other Entities	1 st January 2017
MFRS 107	Statement of Cash Flows	1 st January 2017
MFRS 112	Income Taxes	1 st January 2017
MFRS 128	Investments in Associates and Joint Ventures	1st January 2018 / Deferred
MFRS 140	Investment Property	1 st January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 st January 2018

A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below. Due to the complexity of these new MFRSs, amendments/improvements to MFRSs and new IC Int, the financial effects of their adoption are currently still being assessed by the Group and the Company.





2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

- 2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretation ("IC Int") cont'd
 - (b) New MFRSs, amendments/improvements to MFRSs and New IC Int that have been issued, but yet to be effective cont'd

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.
 - In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.
- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of
 expected credit losses. Specifically, this Standard requires entities to account for expected credit losses
 from when financial instruments are first recognised and to recognise full lifetime expected losses on a
 more timely basis. The model requires an entity to recognise expected credit losses at all times and to
 update the amount of expected credit losses recognised at each reporting date to reflect changes in the
 credit risk of financial instruments. This model eliminates the threshold for the recognition of expected
 credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are
 recognised.
- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures
 about risk management activity. The new model represents a significant overhaul of hedge accounting
 that aligns the accounting treatment with risk management activities, enabling entities to better reflect
 these activities in their financial statements. In addition, as a result of these changes, users of the financial
 statements will be provided with better information about risk management and the effect of hedge
 accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict 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. An entity recognises revenue in accordance with the core principle by applying the following steps:

- (i) identify the contracts with a customer;
- (ii) identify the performance obligation in the contract;
- (iii) determine the transaction price;
- (iv) allocate the transaction price to the performance obligations in the contract;
- (v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111 Construction Contracts

MFRS 118 Revenue

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 15 Agreements for the Construction of Real Estate

IC Interpretation 18 Transfers of Assets from Customers

IC Interpretation 131 Revenue – Barter Transactions Involving Advertising Services





2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

- 2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretation ("IC Int") cont'd
 - (b) New MFRSs, amendments/improvements to MFRSs and New IC Int that have been issued, but yet to be effective cont'd

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

Amendments to MFRS 1 First-time Adoption of MFRSs

Amendments to MFRS 1 deleted the short-term exemptions that relate to MFRS 7 Financial Instruments: Disclosure, MFRS 119 Employee Benefits and MFRS 10 Consolidated Financial Statements because they are no longer applicable.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 provide specific guidance on the accounting for:

- (a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- (b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
- (c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to MFRS 4 Insurance Contracts

Amendments to MFRS 4 introduce two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts. The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying the Standard on Financial Instruments for entities whose activities are predominantly connected with insurance.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of MFRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.





2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretation ("IC Int") cont'd

(b) New MFRSs, amendments/improvements to MFRSs and New IC Int that have been issued, but yet to be effective cont'd

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

2.3 Significant Accounting Policies

(a) Basis of Consolidation

(i) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The transaction costs of the investments shall be recognised as expense in the profit or loss in the period in which the costs are incurred.





2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Significant Accounting Policies cont'd

(a) Basis of Consolidation cont'd

(i) Subsidiaries cont'd

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisition before 1st January 2011

Goodwill represents the excess of the cost of business combination over the Group's share of net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Following the initial recognition, goodwill is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(j) to the financial statements.

Goodwill is not amortised but is reviewed for impairment, annually or more frequently for impairment in value and is written down where it is considered necessary. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include carrying amount of goodwill relating to the entity sold.

Negative goodwill represents the excess of the fair value of the Group's share of net assets acquired over the cost of acquisition. Negative goodwill is recognised directly in the statement of comprehensive income.

Acquisition on or after 1st January 2011

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisition of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.





2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Significant Accounting Policies cont'd

(a) Basis of Consolidation cont'd

(v) Non-controlling interest

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interest to have a deficit balances.

(vi) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to reclassified to profit or loss on the disposal of the related assets or liabilities.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Property, Plant and Equipment and Depreciation

Property, plant and equipment were initially stated at cost. Property, plant and equipment which have been subsequently revalued, are stated at valuation less accumulated depreciation and impairment loss, if any. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(j) to the financial statements.





2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Significant Accounting Policies cont'd

(b) Property, Plant and Equipment and Depreciation cont'd

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss as incurred.

Depreciation is charged on a straight line basis to write off the costs of the assets to their residual values over the estimated useful lives. The annual rates used for this purpose are as follows:

Office suite	2%
Library	20%
Computer	20%
Office equipment	10% - 20%
Medical equipment and courseware	10% - 20%
Furniture and fittings	10% - 20%
Motor vehicles	20%
Renovation	20%
Cabin	10%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the period the asset is derecognised.

(c) Revaluation of Assets

Land and buildings at valuation are revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differ from the market values.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any surplus or deficit arising from the revaluations will be dealt with in the Revaluation Reserve Account. Any deficit is set-off against the Revaluation Reserve Account only to the extent of the surplus credited from the previous revaluation of the land and buildings and the excess of the deficit is charged to the profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profits.





2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Significant Accounting Policies cont'd

(d) Intangible Assets

(i) Development costs

An intangible asset arising from development is recognised when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- · there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available;
 and
- · the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(j)(ii) to the financial statements.

(ii) Other intangible assets

Trademark with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

Intangible assets, other than goodwill and trademark, that are acquired by the Group, which have finite useful lives are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Intangible assets, other than goodwill and trademark, are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Trademarks with indefinite useful lives are not amortised but tested for impairment annually and whenever there is an indication that may be impaired.

The estimated useful lives for the current and comparative periods are as follows:

Education license 20 years
Development costs 3 to 5 years
Intellectual rights 5 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.





2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Significant Accounting Policies cont'd

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories cost is determined on a first-infirst-out method.

Cost includes the actual cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and applicable variable selling expenses.

(f) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(i) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalised the leased asset and recognise the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment.

For operating lease, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangibles assets.

(ii) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognizes the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not deregonised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

(g) Income Tax

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.





2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Significant Accounting Policies cont'd

(g) Income Tax cont'd

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charge or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(h) Foreign Currency Translation

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional currency and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rate ruling at the date when the fair values were determined.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

(iii) Foreign entities

The results and financial position of all the foreign entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each profit or loss are translated at average exchange rates (unless this
 average is not a reasonable approximation of the cumulative effect of the rates prevailing on the
 transaction dates, in which case income and expenses are translated at the rate on the dates of the
 transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange difference arising from the translation of net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.





2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Significant Accounting Policies cont'd

(i) Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

A financial instrument is recognised initially, at its fair value, plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in profit or loss.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market, trade and other receivables and cash and cash equivalents are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the Group and the Company have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.





2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Significant Accounting Policies cont'd

(i) Financial Instruments cont'd

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated as fair value through profit or loss upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss over the contractual period or, upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial asset is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.





2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Significant Accounting Policies cont'd

(j) Impairment of Assets

(i) Impairment of financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Impairment of non-financial assets

The Group and the Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss.





2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Significant Accounting Policies cont'd

(k) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Education services rendered

Revenue from education services rendered is recognised as and when the services are performed.

(ii) Income from consultancy, training and software development

Income from consultancy, training and software development is recognised upon services rendered to customers and customers' acceptance, net of discounts.

(ii) Technical supports

Revenue from technical supports are recognised when services are rendered.

(iii) Sales of hardware

Revenue from sales of hardware are recognised upon delivery of products and customer's acceptance and when the significant risks and rewards of ownership have been transferred to the buyer.

(v) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(vi) Interest income

Interest income is recognised on an accrual basis.

(l) Borrowing Costs

Borrowing costs are charged to profit or loss as an expense in the period in which they are incurred.

(m) Employee Benefits

(i) Short term employee benefits

Wages, salaries, allowances, social security contribution, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by the employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Post-employment benefits

The Group and the Company contribute to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit and loss in the period to which they are related. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(iii) Employee share option schemes

Employees of the Group and the Company received remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is





2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Significant Accounting Policies cont'd

(m) Employee Benefits cont'd

(iii) Employee share option schemes cont'd

measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expenses recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options that will ultimately vest. The charge of credit to profit or loss for a period represents the movement in cumulative expenses recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

(n) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chairman, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(o) Share Capital

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(p) Treasury Shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(q) Cash and Cash Equivalents

For the purpose of statements of cash flows, cash and cash equivalents comprise cash in hand, demand deposits, bank balances and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated net of bank overdrafts which are repayable on demand.





2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Significant Accounting Policies cont'd

(r) Contingent Liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absences of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

(i) Impairment of goodwill (Note 7)

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill are allocated. Estimating a value-in-use amount requires Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(ii) Impairment of intangible assets (Note 8)

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates, calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.





3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS cont'd

(iii) Allowance for impairment of receivables (Note 10)

The Group makes allowances for impairment based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Group specifically analysed historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(iv) Impairment of investment in subsidiaries (Note 5)

The Company carried out the impairment test based on a variety estimation of including the value-in-use of the cash generating unit. Estimating a value-in-use amount requires the Company to make an estimation of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The Group determined the recoverable amount of the investment in subsidiaries based on the individual assets' value in use and the probability of the realisation of the assets. The present value of the future cash flows to be generated by the asset is the asset's value in use, and it is assumed to be the same as the net worth of the asset as at reporting date. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.

(v) Impairment of investment in associates (Note 6)

The Group carried out the impairment test when there is an indication that the investment is impaired.

The Group determined the recoverable amount of the investment in associates based on its fair value less cost of disposal or value-in-use. Judgement is required in determining the recoverable amount. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.





4. PROPERTY, PLANT AND EQUIPMENT

	Office Suite RM	Library RM	Computer RM	Office Equipment RM	Medical Equipment and Courseware RM	Furniture and Fittings RM	Motor Vehicles RM	Renovation RM	Cabin RM	Total Equity RM
Group 2016										
Cost/Valuation										
At 1st January 2016	4,200,000	239,249	7,752,141	844,668	3,549,674	2,257,066	7,069,436	8,560,740	39,100	34,512,074
Acquisition of subsidiaries (Note 5)	•	•	103,139	313,469	•	8,819	•	15,388	•	440,815
Additions	•	107,817	585,283	198,681	185,169	101,424	•	353,986	1	1,532,360
Disposals/written off	1	(8,865)	(643,096)	(157,925)	1	(36,390)	(4,841,347)	1	1	(5,687,623)
Effect of foreign exchange difference	1	1	6,922	216	1	(157)	1	ı	1	6,981
At 31st December 2016	4,200,000	338,201	7,804,389	1,199,109	3,734,843	2,330,762	2,228,089	8,930,114	39,100	30,804,607
Accumulated Depreciation										
At 1st January 2016	217,000	165,231	6,409,048	706,809	3,116,087	2,175,037	6,213,731	7,893,091	12,706	26,908,740
Depreciation for the financial year	84,000	36,641	778,610	139,581	266,333	45,859	272,244	294,388	3,910	1,921,566
Disposals/written off	1	(8,087)	(606,073)	(157,925)	1	(33,815)	(4,642,763)	1	1	(5,448,663)
Effect of foreign exchange difference	•	1	13,212	149	1	(360)	•	ı		13,001
At 31st December 2016	301,000	193,785	6,594,797	688,614	3,382,420	2,186,721	1,843,212	8,187,479	16,616	23,394,644
Carrying Amount										
At 31st December 2016	3,899,000	144,416	1,209,592	510,495	352,423	144,041	384,877	742,635	22,484	7,409,963
Representing:										
At Cost	1	144,416	1,209,592	510,495	352,423	144,041	384,877	742,635	22,484	3,510,963
At Valuation	3,899,000	1	1	1	1	1	1	1	1	3,899,000
	3,899,000	144,416	1,209,592	510,495	352,423	144,041	384,877	742,635	22,484	7,409,963





4. PROPERTY, PLANT AND EQUIPMENT cont'd

	Office Suite RM	Library RM	Computer RM	Office Equipment RM	Medical Equipment and Courseware RM	Furniture and Fittings RM	Motor Vehicles RM	Renovation RM	Cabin RM	Total Equity RM
Group 2015										
Cost/Valuation										
At 1st January 2015	4,200,000	268,932	6,817,000	885,241	3,511,251	3,840,922	6,719,550	8,533,485	49,750	34,826,131
Additions	•	50,190	1,048,727	96,826	38,423	13,464	443,140	536,775	1	2,227,545
Disposals/written off	•	(79,873)	(104,770)	(139,718)	•	(1,609,404)	(93,254)	(509,520)	(10,650)	(2,547,189)
Effect of foreign exchange differences	•	•	(8,816)	2,319	1	12,084	1	•	•	5,587
At 31st December 2015	4,200,000	239,249	7,752,141	844,668	3,549,674	2,257,066	7,069,436	8,560,740	39,100	34,512,074
Accumulated Depreciation										
At 1st January 2015	133,000	213,692	5,939,341	692,392	2,782,034	3,507,749	4,945,335	7,669,426	6,027	25,888,996
Depreciation for the financial year	84,000	29,813	538,687	75,028	334,053	25,052	1,361,650	613,650	6'9'9	3,068,612
Disposals/written off	1	(78,274)	(93,334)	(61,502)	1	(1,366,101)	(93,254)	(386,985)	1	(2,082,450)
Effect of foreign exchange difference	1	1	24,354	891	1	8,337	1	•	•	33,582
At 31st December 2015	217,000	165,231	6,409,048	206,809	3,116,087	2,175,037	6,213,731	7,893,091	12,706	26,908,740
Carrying Amount										
At 31st December 2015	3,983,000	74,018	1,343,093	137,859	433,587	82,029	855,705	667,649	26,394	7,603,334
Representing:										
At Cost	1	74,018	1,343,093	137,859	433,587	82,029	855,705	667,649	26,394	3,620,334
At Valuation	3,983,000	'	1	1	'	1	1	'	-	3,983,000
	3,983,000	74,018	1,343,093	137,859	433,587	82,029	855,705	667,649	26,394	7,603,334





4. PROPERTY, PLANT AND EQUIPMENT cont'd

(i) In the financial year 2008, the Group changed its accounting policy for the measurement of office suite to the revaluation model.

The office suite has been further revalued by the Group on 14th June 2013 based on its open market values as ascertained through an independent valuation.

The fair value of the office suite is categorised as Level 2. The fair values of the office suite has been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

(ii) If the office suite was measured using the cost model, the carrying amount would be as follow:

	Group	•
	2016 RM	2015 RM
Cost	2,082,755	2,082,755
Less: Accumulated depreciation	(426,964)	(385,309)
Net carrying amount	1,655,791	1,697,446

- (iii) The office suite with the carrying amount of RM3,899,000 (2015: RM3,983,000) has been pledged as security for banking facilities granted to a subsidiary of the Group, as disclosed in Note 22 and Note 23 to the financial statements.
- (iv) Motor vehicles with total carrying amount of RM269,170 (2015: RM443,468) were acquired under hire purchase as disclosed in Note 23 to the financial statements.





5. INVESTMENT IN SUBSIDIARIES

	Company	
	2016 RM	2015 RM
At cost		
Unquoted shares	34,962,940	29,806,345
Less: Impairment Losses	(4,425,074)	(327,089)
At 31st December	30,537,866	29,479,256

Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Equ	ctive uity erest	Principal Activities
		2016 %	2015 %	
<u>Direct subsidiaries</u>				
CUCMS Education Sdn. Bhd. *	Malaysia	100	100	Operating educational institutions and provisions educational management services
SMR HR Group Sdn. Bhd.	Malaysia	100	100	Provision of HR development solutions covering training, consulting, outsourcing, events, learning resources and advisory support services
SMR HR Technologies Sdn. Bhd.	Malaysia	100	100	Software consultancy and development and its related activities
SMR Gulf WLL #	Kingdom of Bahrain	99	99	HR consulting, HR development software, training and its related activities
Management Made Easy Sdn. Bhd.	Malaysia	100	100	Development of enterprise HR software, application development and provision for technology consulting services
SMR Proelt Sdn. Bhd.	Malaysia	100	100	Provision of education solutions covering training, consulting, outsourcing and advisory support services
Agensi Pekerjaan SMR Talent Search Sdn. Bhd.	Malaysia	100	100	Business of recruitment, employment agency, job placement services and other consultancy related services
SMR Management Sdn. Bhd.	Malaysia	100	100	Provision of management services
SMR Shared Services Sdn. Bhd.	Malaysia	100	100	Provision of management services
SMR Global Links Sdn. Bhd.	Malaysia	100	100	Provision of HR development solutions covering training, consulting, outsourcing, events, learning resources and advisory support services particularly in overseas market





5. INVESTMENT IN SUBSIDIARIES cont'd

Name of Company	Country of Incorporation	Equ	ctive uity rest	Principal Activities
		2016 %	2015 %	
Direct subsidiaries cont'd				
SMR HRD Solutions Sdn. Bhd.	Malaysia	100	100	Provision of HR development solutions covering training, consulting, outsourcing, events, learning resources and advisory support services
SMR Education Sdn. Bhd.	Malaysia	100	100	Investment holding
SMR Voctech Sdn. Bhd.	Malaysia	100	100	Dormant
SMR Properties Management Sdn. Bhd.	Malaysia	100	100	Dormant
SMR Education Solutions Sdn. Bhd.	Malaysia	-	100	Dormant
Strategic Ambience Sdn. Bhd.	Malaysia	100	100	Investment holdings
N'osairis Technology Solutions Sdn. Bhd. #	Malaysia	64	-	Investment holding and IT solutions related telecommunication
Indirect subsidiaries				
Subsidiary of SMR Education Sdn. Bhd. CUCMS Education Sdn. Bhd. *	Malaysia	100	100	Operating educational institutions and provisions educational management services
Subsidiary of SMR HR Technologies Sdn. Bhd. SMR HR Technologies Pvt Ltd #	India	98	98	Software consultancy and development, Human Resource development solutions covering training, consulting, outsourcing, events, learning resources and advisory support services
Subsidiaries of CUCMS Education Sdn. Bhd. Fusion Bio-Life Sciences Sdn. Bhd.	Malaysia	100	100	Dormant
CUCMS Edutech Sdn. Bhd.	Malaysia	100	100	Development of software, application development and provision for technology consulting services
Subsidiary of N'osairis Technology Solutions Sdn. Bhd. Teknologi Bumi Era Q Sdn. Bhd. #	Malaysia	100	100	IT solutions related to telecommunication

^{*} The effective equity interest held in CUCMS Education Sdn. Bhd. is 100% whereby 30% is held by the Company and 70% is held by SMR Education Sdn. Bhd.

[#] These subsidiaries were audited by audit firms other than Baker Tilly Monteiro Heng.





5. INVESTMENT IN SUBSIDIARIES cont'd

(a) 11,070,000 ordinary shares representing 100% of the total ordinary shares in CUCMS Education Sdn. Bhd. ("CUCMS") were pledged for financing facilities as disclosed in Note 22 to the financial statements.

(b) Additional investment in subsidiaries

On 15th May 2015 and 19th June 2015 respectively, the Company subscribed additional 1,478,389 and 1,199,504 ordinary shares of RM1 each of CUCMS for cash consideration of RM1,478,389 and RM1,199,504 respectively.

(c) Acquisition of subsidiaries

2016

On 1st March 2016, the Company acquired 1,152,000 ordinary shares of RM1 each in N'osairis Technology Solutions Sdn. Bhd. ("N'osairis"), representing 64% equity interest in N'osairis for a purchase consideration via the issuance of 25,210,100 ordinary shares of RM0.10 each in the Company ("SMRT Consideration Shares"), issued at the issue price of RM0.205 per SMRT Consideration Shares.

Summary of effect on acquisition of subsidiaries

Summary of financial results of subsidiaries:

	Gro	oup
	1.3.16 to 31.12.16 RM	1.1.16 to 31.12.16 * RM
Revenue	10,631,409	12,810,643
Profit for the financial period	3,077,609	3,256,028

^{*} Financial results as though as the acquisition date occurred during the financial year had been as of the beginning of the reporting period.

Fair value of consideration transferred:

	Group
	2016 RM
25,210,100 ordinary shares of the company	5,168,071

The fair value of the 25,210,100 ordinary shares issued as the consideration paid for N'osairis was determined on the basis of the closing market price of the Company's ordinary shares of RM0.205 per share on the acquisition date.





5. INVESTMENT IN SUBSIDIARIES cont'd

(c) Acquisition of subsidiaries cont'd

2016 cont'd

Summary of effect on acquisition of subsidiaries cont'd

Identifiable assets acquired and liabilities assumed:

	Group
	2016
	RM
Property, plant and equipment	440,815
Trade and other receivables	5,973,381
Cash and bank balances	2,203,208
Trade and other payables	(4,536,773)
Tax payables	(414,567)
Non-controlling interests	(1,319,783)
	2,346,281
Goodwill (Note 7)	2,821,790
Total purchase consideration	5,168,071
Net cash outflows arising from acquisition of subsidiaries:	
	Group
	2016
	RM
Fair value of consideration transferred	5,168,071
Less: Non-cash consideration	(5,168,071)
Consideration paid in cash	-
Less: Cash and cash equivalents of subsidiaries acquired	(2,203,208)
Net cash inflows on acquisition	(2,203,208)
Goodwill was recognised as a result of the acquisition as follows:	
	Group
	2016
	RM
Total consideration transferred	5,168,071
Fair value of identifiable assets	(2,346,281)
Goodwill	2,821,790





5. INVESTMENT IN SUBSIDIARIES cont'd

(c) Acquisition of subsidiaries cont'd

2015

- (i) On 9th January 2015, the Company acquired 2 ordinary shares of RM1 each of SMR Shared Services Sdn. Bhd. ("SMRSS"), representing 100% of the total issued and paid up share capital of SMRSS for a cash consideration of RM2.
- (ii) On 9th January 2015, the Company acquired 2 ordinary shares of RM1 each of SMR Management Sdn. Bhd. ("SMRM"), representing 100% of the total issued and paid up share capital of SMRM for a cash consideration of RM2
- (iii) On 16th February 2015, the Company acquired 2 ordinary shares of RM1 each of SMR Global Links Sdn. Bhd. ("SMRGL"), representing 100% of the total issued and paid up share capital of SMRGL for a cash consideration of RM2.
- (iv) On 2nd July 2015, the Company via its wholly owned subsidiary, CUCMS., had incorporated a wholly owned subsidiary CUCMS Edutech Sdn. Bhd. ("Edutech"), representing 100% of the issued and paid up share capital of Edutech for a cash consideration of RM2.

(d) Disposal of a subsidiary

On 18th July 2016, the Company disposed its 90% equity investment in SMR Education Solutions Sdn. Bhd. ("SMRES") for a total consideration of RM450,000. The Company reclassified its remaining 10% equity interest in SMRES as investment in an associate given that the Company ceased to have control but retained significant influence on SMRES through board representation.

Summary of effect of disposal of SMRES

	Group	
	2016	2016
	RM	RM
Recognised:		
Cash consideration received	450,000	
Equity and debts instruments	<u> </u>	
Fair value of consideration received	450,000	
Fair value of retained investment treated		
as other investment	100,000	
	550,000	550,000
Derecognised:		
Fair value of identifiable net assets at disposal date		
- cash and cash equivalents		(2)
Gain on disposal of SMRES		549,998





5. INVESTMENT IN SUBSIDIARIES cont'd

(d) Disposal of a subsidiary

Summary of effect of disposal of SMRES cont'd

Net cash inflows arising from disposal:

	2016
	RM
Fair value of consideration received	450,000
Less: non-cash consideration	
Consideration received in cash	450,000
Less: cash and cash equivalents of subsidiary disposed	(2)
Net cash inflows on disposal	449,998

(e) Non-controlling interests in subsidiaries

The financial information of the Group's subsidiaries that have material non-controlling interests are as follows: Equity interest held by non-controlling interests:

Name of Company	Principal Place of Business/ Country of Incorporation	Ownership	Interest		
Name of Company	of incorporation	2016	2015		
		%	%		
N'osairis Technology Solutions Sdn. Bhd.	Malaysia	36	-		
Carrying amount of material non-controlling interests:					
		2016	2015		
Name of Company		RM	RM		
N'osairis Technology Solutions Sdn. Bhd.	-	2,505,160			
Profit or loss allocated to material non-contro	lling interests:				
		2016	2015		
Name of Company		RM	RM		
N'osairis Technology Solutions Sdn. Bhd.	_	1,107,939	-		





5. INVESTMENT IN SUBSIDIARIES cont'd

(e) Non-controlling interests in subsidiaries cont'd

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows:

	N'osairis
	RM
As at 31st December 2016	
Non-current assets	740,208
Current assets	6,914,312
Non-current liabilities	-
Current liabilities	(910,848)
	6,743,672
For the Financial Year Ended 31st December 2016	
Revenue	12,810,643
Profit for the financial year	3,256,028
Total comprehensive income	3,192,714
Cash flows from operating activities	227,051
Cash flows used in investing activities	(564,025)
Cash flows from financing activities	
Net increase in cash and cash equivalents	(336,974)
Dividends paid to non-controlling interests	

The Group does not have any material non-controlling interests in previous financial year.





6. INVESTMENT IN ASSOCIATES

	Gro	Group		
	2016 RM	2015 RM		
At cost				
Quoted shares	30,675,074	-		
Acquisition of an associate		51,900,127		
	30,675,074	51,900,127		
Share of post-acquisition reserves	(6,603,556)	(4,248,752)		
Dividend receivables	-	(8,650,022)		
Less: Impairment losses	(7,636,478)	(8,326,279)		
	16,435,040	30,675,074		
Unquoted shares				
Reclassification of equity investment (Note 5(d))	100,000	-		
Share of post-acquisition reserves	(51,358)	-		
	48,642	-		
Carrying value	16,483,682	30,675,074		
Market value				
- Quoted shares	16,435,040	30,275,074		
	Сотр	oany		
	2016 RM	2015 RM		
At cost				
Unquoted shares in Malaysia				
Reclassification of equity investment (Note 5(d))	100,000	-		

- (a) Reclassification of equity investment is relation to the 10% equity interest in SMRES as disclosed in Note 5(d) to the financial statements.
- (b) On 20th March 2015, the Company had acquired 86,500,212 ordinary shares of RM0.20 each in Asiamet Education Group Berhad for a total consideration of RM51,900,127, representing 23% of the total shareholding.





6. INVESTMENT IN ASSOCIATES cont'd

(c) Details of the associate is as follows:

	Principal Place	Ownersh	Proportion ip/Voting Jhts	
Name of Associate	of Business/ Country of Incorporation	2016 %	2015 %	Nature of relationship
SMR Education Solutions Sdn. Bhd. ("SMRES")	Malaysia	10	-	Dormant.
Held by Strategic Ambience Sdn. Bhd.				
Asiamet Education Group Berhad ("AEGB")	Malaysia	23	23	Provision for education services. The activities contribute to the Group's education segment.

- (d) As at 31st December 2016, the quoted market price of the shares held in AEGB amount to RM16,435,040, which is lower than the carrying amount of RM24,071,518. As a result, the Group provided for impairment of RM7,636,478 based on quoted market price.
- (e) The fair value of AEGB, which derived based on the quoted market price available on the stock exchange is categorised as Level 1 of the fair value hierarchy.





6. INVESTMENT IN ASSOCIATES cont'd

(f) The following table illustrates the summarised financial information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates:

Group

		2016 RM	2015 RM
AEGB			
Assets and liabilities:			
Non-current assets		116,496,534	45,697,892
Current assets		16,865,547	35,402,094
Assets classified as held for sale		-	85,257,158
Non-current liabilities		(7,006,377)	(9,004,517)
Current liabilities		(11,148,590)	(13,233,833)
Net assets		115,207,114	144,118,794
Results:			
Loss for the financial year		(28,711,110)	(22,102,285)
Other comprehensive income		-	-
Total comprehensive income		(28,711,110)	(22,102,285)
Included in the total comprehensive income is:			
Revenue		22,618,959	24,532,654
	AEGB	SMRES	Total
	RM	RM	RM
2016			
2016 Reconciliation of net assets to carrying amount:			
Reconciliation of net assets to carrying amount:	RM	RM	RM
Reconciliation of net assets to carrying amount: Share of the net assets at the acquisition date	RM	RM	RM 51,900,129
Reconciliation of net assets to carrying amount: Share of the net assets at the acquisition date Fair value adjustments	RM	RM	RM 51,900,129
Reconciliation of net assets to carrying amount: Share of the net assets at the acquisition date Fair value adjustments Goodwill on acquisition	RM 51,900,127 - -	RM 2 99,998 -	51,900,129 99,998 -
Reconciliation of net assets to carrying amount: Share of the net assets at the acquisition date Fair value adjustments Goodwill on acquisition Cost of investment	51,900,127 - - 51,900,127	2 99,998 - 100,000	51,900,129 99,998 - 52,000,127
Reconciliation of net assets to carrying amount: Share of the net assets at the acquisition date Fair value adjustments Goodwill on acquisition Cost of investment Share of post-acquisition loss	51,900,127 - - 51,900,127 (10,852,307)	2 99,998 - 100,000	51,900,129 99,998 - 52,000,127 (11,365,886)
Reconciliation of net assets to carrying amount: Share of the net assets at the acquisition date Fair value adjustments Goodwill on acquisition Cost of investment Share of post-acquisition loss Dividend receivables	51,900,127 - - 51,900,127 (10,852,307) (8,650,022)	2 99,998 - 100,000	51,900,129 99,998 - 52,000,127 (11,365,886) (8,650,022)
Reconciliation of net assets to carrying amount: Share of the net assets at the acquisition date Fair value adjustments Goodwill on acquisition Cost of investment Share of post-acquisition loss Dividend receivables Impairment losses Carrying amount in the statements of financial	51,900,127 51,900,127 (10,852,307) (8,650,022) (15,962,757)	2 99,998 - 100,000 (513,579) -	51,900,129 99,998 - 52,000,127 (11,365,886) (8,650,022) (15,962,757)
Reconciliation of net assets to carrying amount: Share of the net assets at the acquisition date Fair value adjustments Goodwill on acquisition Cost of investment Share of post-acquisition loss Dividend receivables Impairment losses Carrying amount in the statements of financial position	51,900,127 51,900,127 (10,852,307) (8,650,022) (15,962,757)	2 99,998 - 100,000 (513,579) -	51,900,129 99,998 - 52,000,127 (11,365,886) (8,650,022) (15,962,757)
Reconciliation of net assets to carrying amount: Share of the net assets at the acquisition date Fair value adjustments Goodwill on acquisition Cost of investment Share of post-acquisition loss Dividend receivables Impairment losses Carrying amount in the statements of financial position Group's share of results:	51,900,127 51,900,127 (10,852,307) (8,650,022) (15,962,757) 16,435,041	2 99,998 - 100,000 (513,579) - - (413,579)	51,900,129 99,998 - 52,000,127 (11,365,886) (8,650,022) (15,962,757) 16,021,462
Reconciliation of net assets to carrying amount: Share of the net assets at the acquisition date Fair value adjustments Goodwill on acquisition Cost of investment Share of post-acquisition loss Dividend receivables Impairment losses Carrying amount in the statements of financial position Group's share of results: Group's share of profit or loss	51,900,127 51,900,127 (10,852,307) (8,650,022) (15,962,757) 16,435,041	2 99,998 - 100,000 (513,579) - - (413,579)	51,900,129 99,998 - 52,000,127 (11,365,886) (8,650,022) (15,962,757) 16,021,462





6. INVESTMENT IN ASSOCIATES cont'd

	AEGB RM
2015	
Reconciliation of net assets to carrying amount:	
Share of the net assets at the acquisition date	51,900,127
Fair value adjustments	-
Goodwill on acquisition	
Cost of investment	51,900,127
Share of post-acquisition loss	(4,248,752)
Dividend receivables	(8,650,022)
Impairment losses	(8,326,279)
Carrying amount in the statements of financial position	30,675,074
Group's share of results:	
Group's share of profit or loss	(4,248,752)
Group's share of other comprehensive income	
Group's share of total comprehensive income	(4,248,752)

7. GOODWILL ON CONSOLIDATION

	Education Unit RM	Technology Unit RM	Others RM	Total RM
Group				
2016				
Costs				
At 1st January	13,870,978	6,633,689	45,906	20,550,573
Acquisition of subsidiaries (Note 5(c))	-	2,821,790	_	2,821,790
	13,870,978	9,455,479	45,906	23,372,363
Less: Impairment Loss				
At 1st January	-	6,633,689	14,844	6,648,533
Impairment during the financial year	-	-	-	-
At 31st December	_	6,633,689	14,844	6,648,533
Carrying Amount				
At 31st December	13,870,978	2,821,790	31,062	16,723,830





7. GOODWILL ON CONSOLIDATION cont'd

	Education Unit RM	Technology Unit RM	Others RM	Total RM
2015				
Costs				
At 1 st January / 31 st December	13,870,978	6,633,689	45,906	20,550,573
Less: Impairment Loss				
At 1 st January	-	3,029,283	14,844	3,044,127
Impairment during the financial year	-	3,604,406	-	3,604,406
At 31st December	-	6,633,689	14,844	6,648,533
Carrying Amount				
At 31st December	13,870,978	_	31,062	13,902,040

Goodwill is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of each cash generating units ("CGUs").

The recoverable amount of CGUs has been determined based on value-in-use calculations using cash flows projection from forecasts approved by the Group covering a five-year period. The same method has been used in the previous financial year.

Education Unit

The calculation of value-in-use for the CGU is most sensitive to the following key assumptions:

- Cash flows were projected based on past experience and actual operating results. The Group believes that the 5 years forecasts period together with its estimated terminal value was justified due to the long-term nature of the education business;
- The average revenue growth rates in financial year 2017 to financial year 2021 are within the range of 15% to 18%. Based on past performances, these ranges are achievable. The Group believes its growth rate for the next 5 years are justifiable based on several strategies in place such as increase in students' number and tuition fees; and
- The growth rate used in determining the terminal value is 2% which is based on the country headline inflation rate.
- The 10% discount rate is weighted average cost of capital which reflects the risk relating to the education business.

Technology Unit

The calculation of value-in-use for the CGU is most sensitive to the following key assumptions:

- Cash flows were projected over 5 years based on past experience and actual operating results.
- · Revenue are projected based on existing and future expected sales of hardware and maintenance contracts; and
- The 10% discount rate is weighted average cost of capital which reflects the risk relating to the information technology business.

The values assigned to the above key assumptions represent the Group's assessment of future trends in the industry and are based on both external sources and internal sources of information.

Based on the sensitivity analysis performed, the Group believes that no reasonably possible change in base case key assumptions would cause the carrying values of the cash-generating units ("CGUs") to exceed its recoverable amounts.





8. INTANGIBLE ASSETS

	Education License RM	Trademarks RM	Development Costs RM	Intellectual Rights RM	Total RM
Group					
2016					
Costs					
At 1 st January	9,890,000	1,500,000	21,227,477	3,779,934	36,397,411
Additions	-	-	1,070,000	-	1,070,000
Written off	-	-	(444,402)	-	(444,402)
At 31st December	9,890,000	1,500,000	21,853,075	3,779,934	37,023,009
Less: Accumulated Amortisation					
At 1 st January	989,000	-	13,865,967	3,742,664	18,597,631
Amortisation for the financial year	494,500	-	16,500	30,792	541,792
At 31st December	1,483,500	-	13,882,467	3,773,456	19,139,423
Less: Accumulated Allowance for Impairment					
At 1 st January	-	-	3,681,627	-	3,681,627
Addition for the financial year	-	-	4,085,481	-	4,085,481
At 31 st December	-	-	7,767,108	-	7,767,108
Carrying Amount					
At 31st December	8,406,500	1,500,000	203,500	6,478	10,116,478





8. INTANGIBLE ASSETS cont'd

	Education License RM	Trademarks RM	Development Costs RM	Intellectual Rights RM	Total RM
Group (Continued)					
2015					
Costs					
At 1 st January	9,890,000	1,500,000	21,813,124	3,779,934	36,983,058
Acquisition of subsidiaries	-	-	2,000,000	-	2,000,000
Disposal	-	-	(2,585,647)	-	(2,585,647)
At 31 st December	9,890,000	1,500,000	21,227,477	3,779,934	36,397,411
Less: Accumulated Amortisation					
At 1 st January	450,000	-	11,771,736	3,683,943	15,905,679
Amortisation for the financial year	539,000	-	2,094,231	58,721	2,691,952
At 31 st December	989,000	-	13,865,967	3,742,664	18,597,631
Less: Accumulated Allowance for Impairment					
At 1 st January	-	-	-	-	-
Addition for the financial year	-	-	3,681,627	-	3,681,627
At 31 st December	-	-	3,681,627	-	3,681,627
Carrying Amount					
At 31st December	8,901,000	1,500,000	3,679,883	37,270	14,118,153

- (a) The amortisation of intangible assets is included in cost of sales in the profit or loss.
- (b) The remaining amortisation period for education license is 17 years.
- (c) Included in the software development costs is the staff cost incurred amounting to RM220,000 (2015: RM Nil).
- (d) Development costs represent software under development and yet to be commercialised. It is reasonably anticipated that the costs will be recovered through future commercial activities.
- (e) During the financial year, an impairment loss of RM4,085,481 was recognised in profit or loss of the Group in the administrative expenses, representing the impairment of development costs. The amount is impaired based on the extended development time which delayed roll out and commercialisation of the software.





9. INVENTORIES

	Group	o
	2016 RM	2015 RM
At cost		
Consumable inventories	-	24,206
Recognised in profit or loss:		
Inventories recognised as costs of sales	24,206	14,759

10. TRADE AND OTHER RECEIVABLES

	Group		Group Compa	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables	30,614,791	35,311,273	-	-
Less: Allowance for impairment	(4,283,060)	(1,274,579)	-	-
	26,331,731	34,036,694	-	-
Other receivables	3,025,104	2,796,063	48,060	48,060
Less: Allowance for impairment	(981,074)	(451,074)	-	-
	2,044,030	2,344,989	48,060	48,060
Prepayments	3,191,153	1,964,319	52,839	52,110
Deposits	5,655,389	5,715,070	-	-
GST refundable	317,022	148,142	-	
	37,539,325	44,209,214	100,899	100,170

⁽i) The Group's normal credit terms are range from 30 to 90 days (2015: 30 to 90 days). Other credit terms are assessed and approved on a case-to-case basis.





10. TRADE AND OTHER RECEIVABLES cont'd

(ii) The Group's currency exposure profiles on trade receivables are as follows:

Ringgit Malaysia 2016 RM 2015 RM United States Dollar 29,838,594 34,442,886 United States Dollar 564,621 635,233 Arab Emirates Dirham 25,657 10,051 Brunei Dollar 184,345 7,574 Oman Dollar 1,574 - Bahrain Dinar - 214,246 Qatari Riyal - 813 India Rupee - 470 30,614,791 35,311,273		Group	
United States Dollar 564,621 635,233 Arab Emirates Dirham 25,657 10,051 Brunei Dollar 184,345 7,574 Oman Dollar 1,574 - Bahrain Dinar - 214,246 Qatari Riyal - 813 India Rupee - 470			
Arab Emirates Dirham 25,657 10,051 Brunei Dollar 184,345 7,574 Oman Dollar 1,574 - Bahrain Dinar - 214,246 Qatari Riyal - 813 India Rupee - 470	Ringgit Malaysia	29,838,594	34,442,886
Brunei Dollar 184,345 7,574 Oman Dollar 1,574 - Bahrain Dinar - 214,246 Qatari Riyal - 813 India Rupee - 470	United States Dollar	564,621	635,233
Oman Dollar 1,574 - Bahrain Dinar - 214,246 Qatari Riyal - 813 India Rupee - 470	Arab Emirates Dirham	25,657	10,051
Bahrain Dinar - 214,246 Qatari Riyal - 813 India Rupee - 470	Brunei Dollar	184,345	7,574
Qatari Riyal - 813 India Rupee - 470	Oman Dollar	1,574	-
India Rupee - 470	Bahrain Dinar	-	214,246
	Qatari Riyal	-	813
30,614,791 35,311,273	India Rupee		470
		30,614,791	35,311,273

(iii) Ageing analysis on trade receivables

The ageing analysis of the Group's trade receivables are as follows:

	Group	
	2016 RM	2015 RM
Neither past due nor impaired	2,662,527	3,452,009
Past due but not impaired		
- 1 to 30 days	1,303,019	595,893
- 31 to 60 days	864,486	2,412,109
- 61 to 90 days	1,917,714	799,739
- 91 to 120 days	834,698	12,719,676
- More than 121 days	18,749,287	14,057,268
	23,669,204	30,584,685
Impaired	4,283,060	1,274,579
	30,614,791	35,311,273

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired at the reporting date are creditworthy receivables.





10. TRADE AND OTHER RECEIVABLES cont'd

(iii) Ageing analysis on trade receivables cont'd

Receivables that are past due but not impaired

At the reporting date, the Group has trade receivables amounting to RM23,669,204 (2015: RM30,584,685) that are past due but not impaired.

Trade receivables that are past due but not impaired mainly relates to the following:

- (a) Customers that have good track payment records with the Group. Based on the past experience and no adverse information to date, the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and these balances are still considered to be fully recoverable.
- (b) Existing students who are still attending courses with the Company or reputable institutions who are the sponsors for these students. Based on past experience and the creditworthiness of these institutions, the Group are of the opinion that no provision for impairment is necessary except for the amount as disclosed above.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired		
	Gro	Group	
	2016 RM	2015 RM	
Trade receivables			
- nominal amounts	4,283,060	1,274,579	
Less: Allowance for impairment	(4,283,060)	(1,274,579)	
	_	-	





10. TRADE AND OTHER RECEIVABLES cont'd

(iii) Ageing analysis on trade receivables cont'd

Receivables that are impaired cont'd

The movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2016 RM	2015 RM
At 1 st January	1,274,579	169,912
Impairment loss recognised during the financial year	3,500,000	1,104,667
Reversal of impairment loss no longer required	(491,519)	_
At 31st December	4,283,060	1,274,579

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are long outstanding with no collection. These receivables are not secured by any collateral or credit enhancements.

11. AMOUNT DUE FROM/(TO) SUBSIDIARIES

Group		
2015 RM		
477,280		
,477,280		
,900,821		
,		

The amount due from/(to) subsidiaries are non-trade in nature, unsecured, interest free and are repayable on demand in cash.





12. DEFERRED TAX ASSETS/(LIABILITIES)

	Gro	up
	2016 RM	2015 RM
At 1 st January	(2,068,818)	(1,728,566)
Effect of foreign exchange difference	1,286	(1,889)
Transfer to profit or loss (Note 29)	(192,397)	(338,363)
At 31st December	(2,259,929)	(2,068,818)
Presented after appropriate offsetting as follows:		
Deferred tax assets	315,255	180,455
Deferred tax liabilities	(2,575,184)	(2,249,273)
	(2,259,929)	(2,068,818)
The components of the recognised deferred tax assets and liabilities are as follows:		
	2016 RM	2015 RM
Deferred tax assets:		
- Deferred income	308,214	180,455
- Tax effects of temporary differences	7,041	-
Deferred tax liabilities:		
- Education license	(2,101,625)	(2,225,250)
- Tax effects of temporary differences	(473,559)	(24,023)
	(2,259,929)	(2,068,818)

13. DEPOSITS PLACED WITH LICENSED BANKS

Group

The deposits placed with licensed banks amounting to RM750,735 (2015: RM3,815,358) are pledged to certain banks to secure banking facilities granted to the Group (Note 22 and Note 24).

The deposits placed with licensed banks earned interest at 1.80% to 3.15% (2015: 1.80% to 3.15%) per annum. All deposits have maturity period of 30 days (2015: 30 days).





14. SHARE CAPITAL

Group and Company

	2016	2016 20:	2015	
	Number of Shares Units	RM	Number of Shares Units	RM
Ordinary shares of RM0.10 each Authorised:				
At 1st January/31st December	500,000,000	50,000,000	500,000,000	50,000,000
Issued and fully paid:				
At 1 st January	260,294,686	26,029,469	235,174,953	23,517,495
Share issued for acquisition of subsidiaries	25,210,100	2,521,010	-	-
Issuance of shares via:				
- Private placements	11,848,341	1,184,834	23,527,400	2,352,740
- Employee Share Option Schemes exercised	-	-	1,592,333	159,234
At 31st December	297,353,127	29,735,313	260,294,686	26,029,469

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial year, the Company:

- (i) issued 25,210,100 new ordinary shares of RM0.10 each at a price of RM0.205 per ordinary shares as the purchase consideration for the acquisition of 64% equity interest in N'osairis Technology Solutions Sdn. Bhd. pursuant to a share sale agreement dated 5th February 2016; and
- (ii) issued 11,848,341 new ordinary shares of RM0.10 each from a private placement at an exercise price of RM0.211 per ordinary shares for repayment of term loans and working capital purposes.

Warrants

By virtue of a Deed Poll executed on 10th August 2012 for the bonus issue of 85,963,833 free warrants issued on the basis of 1 warrant for every 2 existing shares, each warrants entitles the registered holder the right at any time during the exercise period to subscribe in cash for 1 new ordinary shares at an exercise price of RM0.18 at the expiry of 5 years from the date of issuance.

During the financial year, there were no warrants being exercised.





15. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. The share may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

16. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

During the financial year, the Company repurchased 10,000 (2015: 123,400) shares of its issued share capital form the open market. The average price paid for the share repurchased was RM0.190 (2015: RM0.445) per share and was financed by internally generated funds. The shares repurchased are held as treasury shares.

17. SHARE BASED PAYMENT RESERVE

The share based payment reserve comprises the cumulative value of director and employees services received and as incentive for the employees to remain in the Group for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

Share options are granted to directors and employees who have rendered services of at least 2 years and 1 year respectively. All share options granted are immediately vested except for the share options granted to employees of a subsidiary which will be vested after 31st March 2017. The exercise price is to be fixed by on five-day volume weighted average price starting from 8th December 2016 to 15th December 2016. The contractual term of each option granted is five years. The options carry neither rights to dividends nor voting rights.





17. SHARE BASED PAYMENT RESERVE cont'd

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movement in, share options:

Group and Company

	20:	2016		15
	Number of ordinary shares Unit	Weighted average exercise price RM	Number of ordinary shares Unit	Weighted average exercise price RM
At 1st January				
Outstanding	-	-	1,592,410	-
- Granted	42,555,000	0.160	-	-
- Lapsed	-	-	(77)	-
- Exercised		-	(1,592,333)	0.143
At 31 st December	42,555,000		-	
Exercisable				
At 31st December	42,555,000	0.160	-	-

The option outstanding at 31st December 2016 has exercise prices of RM0.16 (2015: Nil) and the weighted average remaining contractual life for the share options outstanding as at 31st December 2016 was 3.95 years (2015: Nil).

The fair values of the share options granted were determined using a binomial option pricing model, and the inputs were:

	Granted Date 16.12.2016
Parameter and Assumptions	
Share price at valuation date	RM0.175
Exercise price	RM0.160
Expected option tenure	3.95 years
Expected volatility (% p.a.)	0.6462
Dividend yield (% p.a.)	0.00%
Risk-free interest rate (% p.a.)	3.70%

The expected volatility is based on the historical share price volatility over the last 4 years.





17. SHARE BASED PAYMENT RESERVE cont'd

Value of the employees services received for issue of share options:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total expenses recognised as share based payments granted				
during the financial year	2,279,687	-	1,291,163	_

18. REVALUATION RESERVE

	Group	
	2016 RM	2015 RM
At 1st January	2,280,350	2,326,888
Amortisation for the financial year	(45,607)	(46,538)
At 31st December	2,234,743	2,280,350

The revaluation reserve represents surplus arising from revaluation of office suite (Note 4).

19. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

20. STATUTORY RESERVE

The statutory reserve is derived from its direct subsidiary, namely SMR Gulf WLL, where under the Bahrain Commercial Companies Law, at least 10% of the profit for each year has to be transferred to the statutory reserve until such time the reserve total is 50% of the issued capital of the Company. The 50% of the issued share capital of the Company amounts to approximately RM203,809 (2015: RM203,809). The reserve is not available for distribution except in the circumstances stipulated in the Bahrain Commercial Law.





21. LOANS AND BORROWINGS

	Group		Com	pany
	2016 2015 RM RM		2016 RM	2015 RM
Secured				
Current				
Term loans (Note 22)	13,240,500	9,348,000	13,240,500	9,348,000
Hire purchase payables (Note 23)	162,778	215,172	-	-
Bank overdraft (Note 24)	2,165,980	-	-	_
	15,569,258	9,563,172	13,240,500	9,348,000
Non-current				
Term loans (Note 22)	26,187,300	39,427,800	26,187,300	39,427,800
Hire purchase payables (Note 23)	260,698	443,958	-	_
	26,447,998	39,871,758	26,187,300	39,427,800
Total loans and borrowings	42,017,256	49,434,930	39,427,800	48,775,800

22. TERM LOANS

Group and Company		
2016 RM	2015 RM	
13,240,500	9,348,000	
26,187,300	39,427,800	
39,427,800	48,775,800	
	2016 RM 13,240,500 26,187,300	





22. TERM LOANS

The term loans are secured by way of:

Term Loan 1 and Term Loan 2 of the Company of RM7,115,800 (2015: RM10,685,800) and RM3,248,000 (2015: RM4,874,000) bear interest at 7.85% (2015: 7.85%) per annum and is repayable by bi-monthly instalments of RM297,500 and RM135,500 over 5 years and 4 years commencing from the day of first drawdown and is secured and supported

- (i) legal charge over 14,002,478 shares and 5,997,522 shares of CUCMS Education Sdn. Bhd. held by SMR Education Sdn. Bhd. and the Company respectively (Note 5(a));
- (ii) debentures incorporating fixed and floating charge over all present and future assets of the Company;
- (iii) assignment of all the income received by the Company but not limited to dividend from a wholly owned subsidiary, CUCMS Education Sdn. Bhd.;
- (iv) corporate guarantees by a wholly owned subsidiary, SMR HR Group Sdn. Bhd.; and
- (v) legal charge for certain property, plant and equipment of the Group (Note 4).

Term Loan 3 of the Company of RM29,064,000 (2015: 33,216,000) bears interest at 6.34% (2015: 6.32%) per annum and is repayable by bi-monthly instalments of RM346,000 for the first 2 years and RM778,500 over the remaining 3 years commencing from the day of first drawdown and is secured and supported as follows:

- (i) legal charge over the entire shares of Strategic Ambience Sdn. Bhd. ("SASB");
- (ii) third party charge over all shares of Asiamet Education Group Berhad held by SASB;
- (iii) Assignment of irrevocable Put Option Agreement to be entered into between Arenga Pinnata Sdn Bhd and SASB in respect of the shares held by SASB;
- (iv) Supplement assignment on the existing assignment of all income received by the Company but not limited to dividend payment or distribution income received from the pledged shares in SASB;
- (v) Assignment and charge over Debt Service Reserve Account ("DSRA") and SASB proceeds account;
- (vi) Supplement assignment and charge on the existing assignment over the Company's proceeds account; and
- (vii) corporate guarantees by the wholly owned subsidiaries, SMR HR Group Sdn. Bhd. and CUCMS Education Sdn. Bhd.





23. HIRE PURCHASE PAYABLES

	Group and Company		
	2016 RM	2015 RM	
Future minimum hire purchase payments			
- not later than one year	177,082	235,321	
- later than one year but not later than five years	273,257	477,091	
	450,339	712,412	
Future interest charges	(26,863)	(53,282)	
Present value of hire purchase payables	423,476	659,130	
Current			
- not later than one year	162,778	215,172	
Non-current			
- later than one year but not later than five years	260,698	443,958	
	423,476	659,130	

Hire purchase payables bear interest ranging from 2.51% to 4.00% (2015: 2.51% to 4.00%) per annum.

24. BANK OVERDRAFT

The bank overdraft is secured by way of:

- (i) legal charge for office suite of the Group (Note 4);
- (ii) against existing deposits placed with licensed bank (Note 13);
- (iii) quarterly sinking fund of RM20,000 to be placed until the overdraft of RM1,000,000 is fully secured (Note 13);
- (iv) an amount of RM50,000 (2015: RM25,000) to be reduced annually until overdraft of RM2,000,000 is fully secured (Note 13); and
- (v) corporate guarantees by the Company (Note 31).

Bank overdraft bear interest at rates ranging from 8.15% to 8.52% (2015: 8.15%) per annum.





25. TRADE AND OTHER PAYABLES

	Group		Comp	any
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables	771,921	695,171	-	-
Other payables	9,978,634	4,868,015	1,240,550	207,858
Deposits	1,212,106	1,074,673	-	-
Accruals	3,497,459	5,005,132	430,922	225,995
GST payables	782,922	230,742	-	-
	15,471,121	11,178,562	1,671,472	433,853
	16,243,042	11,873,733	1,671,472	433,853

- (a) The Group's normal trade credit terms granted to the Group range from 30 to 90 days (2015: 30 to 90 days).
- (b) Included in other payables of the Group are deferred income from students amounted to RM1,284,225 (2015: RM721,818).
- (c) The Group's currency exposure profiles on the trade payables are as follows:

	Gro	Group	
	2016 RM	2015 RM	
Ringgit Malaysia Euro United States Dollar Pound Sterling	757,357 9,911 4,653	671,857 - 2,915 20,399	
	771,921	695,171	





26. REVENUE

	Group		Group		Compa	nny
	2016 RM	2015 RM	2016 RM	2015 RM		
Tuition fee	61,802,058	62,028,300	-	-		
Royalty fee	3,630,592	3,557,810	-	-		
Training, event and recruitment	3,470,401	33,363,916	-	-		
Software consultancy and development	129,767	737,479	-	-		
IT solutions	9,972,465	-	-	-		
Management fee	1,500,000	750,000	-	450,000		
Dividend income	-	-	10,561,937	4,899,803		
Consultancy fee	946,560	470,592	-	-		
Others	9,900	186,580	-	-		
	81,461,743	101,094,677	10,561,937	5,349,803		

27. OPERATING (LOSS)/PROFIT

Operating (loss)/profit has been arrived at:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
After charging:				
Allowance of impairment loss for:				
- goodwill	-	3,604,406	-	-
- intangible assets	4,085,481	3,681,627	-	-
- investment in subsidiaries	-	-	4,325,074	-
- investment in an associate	7,636,478	8,326,279	-	-
- trade receivables	3,500,000	1,104,667	-	-
- other receivables	530,000	450,000	-	-
- amount due from subsidiaries	-	-	32,631,380	-
Amortisation of:				
- intangible assets	541,792	2,691,952	-	-
- other receivables no longer required	-	(1,180)	-	-
Audit fees:				
- current year				
- statutory	207,527	223,775	40,000	32,000
- non-statutory	8,000	8,000	8,000	8,000
- (over)/under accrual in prior year	(40,135)	(18,389)	10,000	1,200
Depreciation of property, plant and equipment	1,921,566	3,068,612	-	-





27. OPERATING (LOSS)/PROFIT cont'd

Operating (loss)/profit has been arrived at: cont'd

- Francisco (1975)	Grou	Group		ny
	2016 RM	2015 RM	2016 RM	2015 RM
Directors' remuneration:				
- fees	392,380	206,000	144,000	144,000
- salaries, bonus and allowances	1,624,113	1,942,147	1,492,944	1,590,150
- Employees' Provident Fund and SOCSO	180,247	233,934	180,248	218,064
- other emoluments	252,500	33,000	28,500	33,000
Loss on disposal of:				
- intangible assets	-	1,585,647	-	-
- investment in subsidiaries	-	-	222,911	-
Written off for:				
- property, plant and equipment	20,376	449,116	-	-
- intangible assets	444,402	-	-	-
- trade receivables	2,257,320	-	-	-
- other receivables	10,113	-	-	-
- prepayments	-	1,096,000	-	-
Loss on foreign exchange				
- realised	96,735	7,310	-	-
- unrealised	-	15,065	-	-
Rental of:				
- office	4,279,461	3,947,282	-	-
- campus	3,118,492	2,852,835	-	-
- student's house	3,127,816	2,215,405	-	-
- motor vehicles	51,910	591,032	-	-
- office equipment	77,407	357,615	-	-
- staff quarters	28,000	-	-	-
Staff costs:				
- salary, wages, allowances and bonus	32,975,737	51,329,808	36,532	81,500
- Employees' Provident Fund and SOCSO	3,564,507	3,125,818	4,599	7,355
- other staff related expenses	1,826,281	2,514,684	36,665	85,714
Share based payment expenses	2,279,687		1,291,163	
After crediting:				
Dividend income	-	_	10,561,937	4,899,803
- property, plant and equipment	743,248	22,370	_	-
- investment in subsidiaries	549,998	_	_	-
Unrealised gain on foreign exchange	2,614	_	_	-
Interest income	117,745	134,961	103	64,240
Rental income	340,697	293,506	_	-
Reversal of impairment loss no longer required for:				
- trade receivables	491,519	-	-	-
- investment in subsidiaries	-	-	227,089	-
			-	





28. FINANCE COSTS

	Group		Group Com		Compa	ny
	2016 RM	2015 RM	2016 RM	2015 RM		
Interest expense						
- term loan	3,083,914	3,174,798	330,550	464,740		
- hire purchase payables	25,484	65,294	-	-		
- bank overdraft	145,892	145,183	-	-		
	3,255,290	3,385,275	330,550	464,740		

29. TAXATION

	Group		Group Compa	
	2016 RM	2015 RM	2016 RM	2015 RM
Income tax				
- current year	2,645,103	2,601,428	7,060	8,200
- prior year	(329,967)	(520,190)	(8,200)	(571)
	2,315,136	2,081,238	(1,140)	7,629
Deferred tax (Note 12)				
- current year	(324,471)	465,269	-	-
- prior year	516,868	(126,906)	-	-
	192,397	338,363	-	-
	2,507,533	2,419,601	(1,140)	7,629

Income tax is calculated at the Malaysian statutory rate of 24% (2015: 25%) of the estimated assessable profit for the fiscal year.

On 15th July 2013, a wholly-owned subsidiary, Management Made Easy Sdn. Bhd., was awarded a Multi Media Super Corridor ("MSC") Status for full tax exemption on its chargeable income for a period of 5 years which expires on 15th June 2018.





29. TAXATION cont'd

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Con	npany
	2016 RM	2015 RM	2016 RM	2015 RM
(Loss)/Profit before taxation	(33,354,401)	(27,659,390)	(31,384,716)	1,278,293
Tax at the applicable tax rate of 24% (2015: 25%)	8,005,056	6,914,848	7,532,332	(319,573)
Tax effect arising from				
- differences of tax rates	-	(2,756)	-	-
- non-deductible expenses	(20,766,363)	(9,925,765)	(10,074,282)	(913,578)
- non-taxable income	11,336,578	9,950	2,534,865	1,224,951
- SME tax savings	149,622	-	-	-
 (originated)/reversal of deferred tax assets not recognised in the financial statements 	(1,045,525)	(62,974)	25	-
- under accrual in prior years	(186,901)	647,096	8,200	571
Tax expense for the financial year	(2,507,533)	(2,419,601)	1,140	(7,629)

The deferred tax assets have not been recognised for the following items:

	Group		Comp	pany
	2016 RM	2015 RM	2016 RM	2015 RM
Deductible temporary differences	351,866	431,293	-	-
Unabsorbed capital allowances	3,306,827	8,206	-	-
Unutilised tax losses	2,973,954	1,836,793	98,546	98,649
	6,632,647	2,276,292	98,546	98,649
Potential deferred tax assets not recognised at 24% (2015: 24%)	1,591,835	546,310	23,651	23,676





30. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the Group's profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group		
	2016 RM	2015 RM	
Loss attributable to Owners of the Company	(37,006,044)	(30,074,839)	
	Number of Shares Unit	Number of Shares Unit	
Weighted average number of ordinary shares in issue			
At 1st January	253,082,986	228,086,653	
Add: Effect of issuance of shares	24,994,371	19,594,766	
Less: Effect of treasury shares held	(5,820)	(77,732)	
At 31st December	278,071,537	247,603,687	
Basic loss per share (sen)	(13.31)	(12.15)	

(b) Diluted

The diluted loss per ordinary share of the Company for the financial year ended 2016 and 2015 is same as the basic loss per ordinary share of the Company as the potential ordinary shares are anti-dilutive.

31. FINANCIAL GUARANTEES

	Group	
	2016 RM	2015 RM
Corporate guarantees given by the Company to financial institutions for credit facilities granted to subsidiaries	5,903,488	7,147,640





32. RELATED PARTY DISCLOSURES

(a) Identification of Related Parties

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with the Company or that has an interest in the Group and the Company that gives it significant influence over the Group's and the Company's financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in the Group and the Company resides with, directly or indirectly.

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Associate;
- (iii) Entities in which directors have substantial financial interests;
- (iv) Key management personnel of the Group's and the Company's holding company, comprise persons, including directors, having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant Related Party Transactions and Balances

Set out below are significant related party transactions during the financial year (in addition to related party disclosures mentioned elsewhere in the financial statements). The related party transactions described below were carried out on terms and conditions mutually agreed between the respective parties.

	Group		oup Compa	
	2016 RM	2015 RM	2016 RM	2015 RM
Dividend Income				
Subsidiaries	-	-	(10,561,937)	(4,899,803)
Rental Expenses				
Entities in which directors have substantial interests	215,028	158,334	-	-
Management Fee				
Associate	1,500,000	750,000	-	

The information regarding outstanding balance arising from related party transaction as at reporting date is disclosed to Note 11 to the financial statements.





32. RELATED PARTY DISCLOSURES cont'd

(c) Key Management Personnel Compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the directors of the Group and certain members of senior management of the Group.

The remuneration of the key management personnel during the financial year is as follows:

	Group		Group Compan		nny
	2016 RM	2015 RM	2016 RM	2015 RM	
Directors					
Salaries and allowances	1,624,113	1,942,147	1,492,944	1,590,150	
Fees	392,380	206,000	144,000	144,000	
Employees' Provident Fund and SOCSO	180,247	233,934	180,248	218,064	
Other emoluments	252,500	33,000	28,500	33,000	
	2,449,240	2,415,081	1,845,692	1,985,214	
Other key management personnel					
Salaries and allowances	2,266,770	2,478,822	41,131		
	4,716,010	4,893,903	1,886,823	1,985,214	

33. SEGMENTAL INFORMATION

Operating Segments

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The following summary describes the operations in each of the Group's reportable segments:

- (a) Education: Business of operating educational institutions and provisions educational management services.
- (b) Training: Provide Human Resources or Human Resources Development training, consulting, outsourcing, events, learning resources and advisory support services.
- (c) Technology: Provide software consultancy and development and its related services.

Other non-reportable segments comprise operations related to investment holding and non-active companies.





33. SEGMENTAL INFORMATION cont'd

Operating Segments cont'd

Revenue Sales to external customers 65,432,650 4,401,950 10,117,243 1,509,900 6,749,841 1 4 4,65,727 6,5749,841 6 4 4 4,65,727 6,5749,841 6 4 4 4,65,727 6,5749,841 6 4 4 4,65,727 6,5749,841 6 6 4 4 4,65,727 6,5749,841 6 6 4 4 4,65,727 6 6,543,833 5,976,064 4,282,970 12,071,837 (20,512,521) 81,461,743 8 8 8 8 8 8 8 8 8		Education RM	Training RM	Technology RM	Others RM	Eliminations and Adjustments RM	Consolidated RM	Note
Sales to external customers	2016					10.1		
Inter-segment sales 10,000 1,574,114 4,165,727 - (5,749,841) - A A Dividend income 4,200,743 - A - 10,561,937 (14,762,680) - A A 69,643,393 5,976,064 14,282,970 12,071,837 (20,512,521) 81,461,743 Male Ma	Revenue:							
Dividend income	Sales to external customers	65,432,650	4,401,950	10,117,243	1,509,900	-	81,461,743	
Results: Included in the measure of segment (loss)/profit Interest income	Inter-segment sales	10,000	1,574,114	4,165,727	-	(5,749,841)	-	Α
Results: Included in the measure of segment (loss)/profit Interest income	Dividend income	4,200,743	-	-	10,561,937	(14,762,680)	-	Α
Included in the measure of segment (loss/profit Interest income interest income interest income interest income interest income interest income interest expense (759,584) (19,230) (144,069) (2,332,407) - (3,255,290) (1,921,566) (1,921		69,643,393	5,976,064	14,282,970	12,071,837	(20,512,521)	81,461,743	•
Interest keyense 28,938 88,807 - 117,745	Results:							
Interest expense (759,584) (19,230) (144,069) (2,332,407) - (3,255,290)								
Depreciation of property, plant and equipment (1,326,658) (214,280) (380,628) - (1,921,566) Amortisation of intangible assets (541,792) - - - (541,792) Rental of: - - (4,279,461) - - (4,279,461) - campus (3,118,492) - - - (3,118,492) - student's house (2,335,816) (792,000) - - (3,127,816) - motor vehicles (34,086) (17,824) - - (51,910) - office equipment (21,464) (7,980) (47,963) - - (77,407) - staff quarters - (28,000) - - (28,000) - (16,673,356) B Share of results of associates (6,654,914) - - - (6,654,914) - - - (6,654,914) - - - (6,654,914) - - - (6,654,914) - - - (6,654,914) -	Interest income	28,938	88,807	-	-	-	117,745	
Plant and equipment	Interest expense	(759,584)	(19,230)	(144,069)	(2,332,407)	-	(3,255,290)	
assets (341,732) Rental of: - office (3,889,738) (13,383) (376,340) - (4,279,461) - campus (3,118,492) (3,118,492) - (3,118,492) - student's house (2,335,816) (792,000) (3,127,816) - motor vehicles (34,086) (17,824) (5,1910) - office equipment (21,464) (7,980) (47,963) (77,407) - staff quarters - (28,000) (6,654,910) - (16,793,526) B Share of results of associates (6,654,914) (6,654,914) - (16,793,526) B Profit/(Loss) before tax (5,513,528) (13,281,281) (7,634,579) (6,925,013) - (33,354,401) Income tax expenses/ recoverable (2,340,853) (482,229) 314,409 1,140 - (2,507,533) Segment profit/(loss) (7,854,381) (13,763,510) (7,320,170) (6,923,873) - 335,861,934) Deferred tax assets 54,313,475 2,210,784 16,722,117 19,409,004 - 92,	Depreciation of property, plant and equipment	(1,326,658)	(214,280)	(380,628)	-	-	(1,921,566)	
- office (3,889,738) (13,383) (376,340) - (4,279,461) - campus (3,118,492) (3,118,492) (3,118,492) (3,118,492) (3,118,492) (3,118,492) (3,118,492) (3,17,816)	Amortisation of intangible assets	(541,792)	-	-	-	-	(541,792)	
- campus (3,118,492) (3,118,492) (3,118,492) (3,118,492) (3,117,816)	Rental of:							
- student's house	- office	(3,889,738)	(13,383)	(376,340)	-	-	(4,279,461)	
- motor vehicles (34,086) (17,824) (51,910) - office equipment (21,464) (7,980) (47,963) (77,407) - staff quarters - (28,000) (28,000) (28,000) (28,000) (28,000) (28,000) (28,000) (28,000) (28,000) (28,000) (28,000) (28,000) (6,654,914) (6,654,914) (6,654,914) (6,654,914) (6,654,914) (6,654,914) (6,654,914) (6,654,914)	- campus	(3,118,492)	-	-	-	-	(3,118,492)	
- office equipment	- student's house	(2,335,816)	(792,000)	-	-	-	(3,127,816)	
- staff quarters	- motor vehicles	(34,086)	(17,824)	-	-	-	(51,910)	
Other non cash expenses (7,636,478) 607,082 (8,136,744) (1,627,386) - (16,793,526) B Share of results of associates (6,654,914) (6,654,914) Profit/(Loss) before tax (5,513,528) (13,281,281) (7,634,579) (6,925,013) - (33,354,401) Income tax expenses/ (2,340,853) (482,229) 314,409 1,140 - (2,507,533) Segment profit/(loss) (7,854,381) (13,763,510) (7,320,170) (6,923,873) - (35,861,934) Assets: Segments assets 54,313,475 2,210,784 16,722,117 19,409,004 - 92,655,380 Deferred tax assets 308,214 - 7,041 - 315,255 Tax recoverable 230,796 1,850,280 433,215 - 2,514,291 Additions to property, plant and equipment 1,014,827 10,075 507,458 1,532,360 Total assets 55,867,312 4,071,139 17,669,831 19,409,004 - 97,017,286 Liabilities: Segment liabilities 12,897,054 924,996 3,231,567 41,116,681 - 58,260,298 Deferred tax liabilities 2,574,584 600 2,575,184 Tax payables 7,837 587 - 8,424	- office equipment	(21,464)	(7,980)	(47,963)	-	-	(77,407)	
Share of results of associates (6,654,914) - - - (6,654,914) Profit/(Loss) before tax (5,513,528) (13,281,281) (7,634,579) (6,925,013) - (33,354,401) Income tax expenses/ recoverable (2,340,853) (482,229) 314,409 1,140 - (2,507,533) Segment profit/(loss) (7,854,381) (13,763,510) (7,320,170) (6,923,873) - (35,861,934) Assets: Segments assets 54,313,475 2,210,784 16,722,117 19,409,004 - 92,655,380 Deferred tax assets 308,214 - 7,041 - - 315,255 Tax recoverable 230,796 1,850,280 433,215 - - 2,514,291 Additions to property, plant and equipment 1,014,827 10,075 507,458 - - 1,532,360 Total assets 55,867,312 4,071,139 17,669,831 19,409,004 - 97,017,286 Liabilities: Segment liabilities <td>- staff quarters</td> <td>-</td> <td>(28,000)</td> <td>-</td> <td>-</td> <td>-</td> <td>(28,000)</td> <td></td>	- staff quarters	-	(28,000)	-	-	-	(28,000)	
Assets: Segment profit/(loss) before tax (5,513,528) (13,281,281) (7,634,579) (6,925,013) - (33,354,401) Assets: Segment profit/(loss) (7,854,381) (13,763,510) (7,320,170) (6,923,873) - (35,861,934) Assets: Segments assets 54,313,475 2,210,784 16,722,117 19,409,004 - 92,655,380 Deferred tax assets 308,214 - 7,041 - 315,255 Tax recoverable 230,796 1,850,280 433,215 - 2,514,291 Additions to property, plant and equipment 1,014,827 10,075 507,458 - 1,532,360 Total assets 55,867,312 4,071,139 17,669,831 19,409,004 - 97,017,286 Liabilities: Segment liabilities 12,897,054 924,996 3,231,567 41,116,681 - 58,260,298 Deferred tax liabilities 2,574,584 600 2,575,184 Tax payables - 7,837 587 - 8,424	Other non cash expenses	(7,636,478)	607,082	(8,136,744)	(1,627,386)	-	(16,793,526)	В
Capacitation Capa		(6,654,914)	-		-	-	(6,654,914)	
Segment profit/(loss) (7,854,381) (13,763,510) (7,320,170) (6,923,873) - (35,861,934) Assets: Segments assets 54,313,475 2,210,784 16,722,117 19,409,004 - 92,655,380 Deferred tax assets 308,214 - 7,041 - 315,255 Tax recoverable 230,796 1,850,280 433,215 - 2,514,291 Additions to property, plant and equipment 1,014,827 10,075 507,458 - 51,532,360 Total assets 55,867,312 4,071,139 17,669,831 19,409,004 - 97,017,286 Liabilities: Segment liabilities 12,897,054 924,996 3,231,567 41,116,681 - 58,260,298 Deferred tax liabilities 2,574,584 600 - 2,575,184 Tax payables 7,837 587 - 8,424	Profit/(Loss) before tax	(5,513,528)	(13,281,281)	(7,634,579)	(6,925,013)	-	(33,354,401)	
Assets: Segments assets 54,313,475 2,210,784 16,722,117 19,409,004 - 92,655,380 Deferred tax assets 308,214 - 7,041 315,255 Tax recoverable 230,796 1,850,280 433,215 2,514,291 Additions to property, plant and equipment 1,014,827 10,075 507,458 - 1,532,360 Total assets 55,867,312 4,071,139 17,669,831 19,409,004 - 97,017,286 Liabilities: Segment liabilities 12,897,054 924,996 3,231,567 41,116,681 - 58,260,298 Deferred tax liabilities 2,574,584 600 2,575,184 Tax payables - 7,837 587 - 8,424	Income tax expenses/ recoverable	(2,340,853)	(482,229)	314,409	1,140	-	(2,507,533)	-
Segments assets 54,313,475 2,210,784 16,722,117 19,409,004 - 92,655,380 Deferred tax assets 308,214 - 7,041 - - 315,255 Tax recoverable 230,796 1,850,280 433,215 - - 2,514,291 Additions to property, plant and equipment 1,014,827 10,075 507,458 - - 1,532,360 Total assets 55,867,312 4,071,139 17,669,831 19,409,004 - 97,017,286 Liabilities: Segment liabilities 12,897,054 924,996 3,231,567 41,116,681 - 58,260,298 Deferred tax liabilities 2,574,584 600 - - - 2,575,184 Tax payables - - 7,837 587 - 8,424	Segment profit/(loss)	(7,854,381)	(13,763,510)	(7,320,170)	(6,923,873)	-	(35,861,934)	
Deferred tax assets 308,214 - 7,041 315,255 Tax recoverable 230,796 1,850,280 433,215 2,514,291 Additions to property, plant and equipment 1,014,827 10,075 507,458 1,532,360 Total assets 55,867,312 4,071,139 17,669,831 19,409,004 - 97,017,286 Liabilities: Segment liabilities 12,897,054 924,996 3,231,567 41,116,681 - 58,260,298 Deferred tax liabilities 2,574,584 600 2,575,184 Tax payables - 7,837 587 - 8,424	Assets:							
Tax recoverable 230,796 1,850,280 433,215 - - 2,514,291 Additions to property, plant and equipment 1,014,827 10,075 507,458 - - 1,532,360 Total assets 55,867,312 4,071,139 17,669,831 19,409,004 - 97,017,286 Liabilities: Segment liabilities 12,897,054 924,996 3,231,567 41,116,681 - 58,260,298 Deferred tax liabilities 2,574,584 600 - - - 2,575,184 Tax payables - 7,837 587 - 8,424	Segments assets	54,313,475	2,210,784	16,722,117	19,409,004	-	92,655,380	
Additions to property, plant and equipment 1,014,827 10,075 507,458 1,532,360 Total assets 55,867,312 4,071,139 17,669,831 19,409,004 - 97,017,286 Liabilities: Segment liabilities 12,897,054 924,996 3,231,567 41,116,681 - 58,260,298 Deferred tax liabilities 2,574,584 600 2,575,184 Tax payables - 7,837 587 - 8,424	Deferred tax assets	308,214	-	7,041	-	-	315,255	
Total assets 55,867,312 4,071,139 17,669,831 19,409,004 - 97,017,286 Liabilities: Segment liabilities 12,897,054 924,996 3,231,567 41,116,681 - 58,260,298 Deferred tax liabilities 2,574,584 600 2,575,184 Tax payables - 7,837 587 - 8,424	Tax recoverable	230,796	1,850,280	433,215	-	-	2,514,291	
Liabilities: Segment liabilities 12,897,054 924,996 3,231,567 41,116,681 - 58,260,298 Deferred tax liabilities 2,574,584 600 2,575,184 Tax payables - 7,837 587 - 8,424	Additions to property, plant and equipment	1,014,827	10,075	507,458	-	-	1,532,360	_
Segment liabilities 12,897,054 924,996 3,231,567 41,116,681 - 58,260,298 Deferred tax liabilities 2,574,584 600 - - - - 2,575,184 Tax payables - - 7,837 587 - 8,424	Total assets	55,867,312	4,071,139	17,669,831	19,409,004	-	97,017,286	
Deferred tax liabilities 2,574,584 600 2,575,184 Tax payables 7,837 587 - 8,424	Liabilities:							
Deferred tax liabilities 2,574,584 600 2,575,184 Tax payables 7,837 587 - 8,424	Segment liabilities	12,897,054	924,996	3,231,567	41,116,681	-	58,260,298	
Tax payables 7,837 587 - 8,424	•		600	-	-	-		
Total liabilities 15,561,638 925,596 3,239,402 41,117,268 - 60,843,906	Tax payables	-	-	7,837	587	-		
	* *	15,561,638	925,596	3,239,402	41,117,268	-	60,843,906	





33. SEGMENTAL INFORMATION cont'd

Operating Segments cont'd

	Education RM	Training RM	Technology RM	Others RM	Eliminations and Adjustments RM	Consolidated RM	Note
2015							
Revenue:							
Sales to external customers	65,586,110	33,652,700	862,037	993,830	-	101,094,677	
Inter-segment sales	-	2,468,003	2,010,528	1,399,338	(5,877,869)	-	Α
Dividend income	8,431,151	-	-	13,549,824	(21,980,975)	-	. A
	74,017,261	36,120,703	2,872,565	15,942,992	(27,858,844)	101,094,677	
Results:							
Included in the measure of segment (loss)/profit							
Interest income	-	42,618	28,103	64,240	-	134,961	
Interest expense	(1,045,021)	(66,599)	(113,505)	(2,160,150)	-	(3,385,275)	
Depreciation of property, plant and equipment	(1,500,956)	(1,397,814)	(169,435)	(407)	-	(3,068,612)	
Amortisation of other receivables no longer required	-	-	1,180	-	-	1,180	
Amortisation of intangible assets	(597,721)	-	(2,094,231)	-	-	(2,691,952)	
Rental of:							
- office	(3,579,600)	(191,416)	(154,642)	(21,624)	-	(3,947,282)	
- campus	(2,852,835)	-	-	-	-	(2,852,835)	
- student's house	(2,215,405)	-	-	-	-	(2,215,405)	
- motor vehicles	9,540	(581,492)	-	-	-	(591,032)	
- office equipment	310,635	(38,765)	(8,215)	-	-	(357,615)	
Other non cash expenses	(8,798,662)	(1,803,015)	(9,695,570)	(500)	-	(20,297,747)	В
Share of results of associates	(4,248,752)	-	-	_	-	(4,248,752)	
Profit/(Loss) before tax	(1,849,834)	(1,880,313)	(14,350,118)	(9,579,125)	-	(27,659,390)	
Income tax expenses/ recoverable	(2,841,644)	214,387	215,285	(7,629)	-	(2,419,601)	
Segment profit/(loss)	(4,691,478)	(1,665,926)	(14,134,833)	(9,586,754)	-	(30,078,991)	
Assets:							
Segments assets	55,008,757	11,269,306	14,969,160	40,340,289	-	121,587,512	
Deferred tax assets	180,455	-	-	-	-	180,455	
Tax recoverable	-	1,955,420	218,000	-	-	2,173,420	
Additions to property, plant and equipment	1,601,044	255,340	368,450	2,711	-	2,227,545	
Total assets	56,790,256	13,480,066	15,555,610	40,343,000	-	126,168,932	
Liabilities:							
Segment liabilities	8,366,990	1,036,982	600,176	51,304,515	-	61,308,663	
Deferred tax liabilities	2,225,250	601	23,422	-	-	2,249,273	
Tax payables	1,729,598	-	25,120	1,870	-	1,756,588	
Total liabilities	12,321,838	1,037,583	648,718	51,306,385	-	65,314,524	•
	. ,	,	-,			,- ,	

Note: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.





33. SEGMENTAL INFORMATION cont'd

Operating Segments cont'd

- (A) Inter-segment revenues are eliminated on consolidation.
- (B) Other non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	2016 RM	2015 RM
Allowance of impairment loss for:		
- goodwill	-	3,604,406
- intangible assets	4,085,481	3,681,627
- investment in an associate	7,636,478	8,326,279
- trade receivables	3,500,000	1,104,667
- other receivables	530,000	450,000
(Gain)/Loss on disposal of:		
- property, plant and equipment	(743,248)	(22,370)
- investment in subsidiaries	(549,998)	-
- intangible assets	-	1,585,647
Written off for:		
- property, plant and equipment	20,376	449,116
- intangible assets	444,402	-
- trade receivables	2,257,320	-
- other receivables	10,113	-
- prepayments	-	1,096,000
Realised forex exchange loss	96,735	7,310
Unrealised forex exchange (gain)/loss	(2,614)	15,065
Reversal of impairment loss no longer required trade receivables	(491,519)	-
	16,793,526	20,297,747

Segment profit or loss is measured based on segment profit before tax that are reviewed by the Chairman. There are no significant changes from prior financial year in the measurement methods used to determine reported segment profit or loss.

The activities of the Group are carried out mainly in Malaysia and as such, segmental reporting by geographical locations is not presented.

Information about major customers

Major customers' information represents revenues from transactions with a single external customer amount to ten percent or more of the Group revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer and a government and entities known to the reporting entity to be under the control of that government shall be considered a single customer.

In previous financial year, there was one major customer from the training segment contributed approximately 22% of Group's total revenue.





34. FINANCIAL INSTRUMENTS

(a) Categories of Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The significant accounting policies in Note 2.3 to the financial statements describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loans and Receivables	Other Financial Liabilities at Amortised Cost	Total
	RM	RM	RM
Group			
2016			
Trade and other receivables *	33,813,102	-	33,813,102
Deposits placed with licensed banks	750,735	-	750,735
Cash and bank balances	5,163,727	-	5,163,727
	39,727,564		39,727,564
Financial liabilities			
Trade and other payables #	-	14,175,895	14,175,895
Loans and borrowings	-	42,017,256	42,017,256
	-	56,193,151	56,193,151
2015			
Financial assets			
Trade and other receivables *	38,976,775	-	38,976,775
Deposits placed with licensed banks	3,815,358	-	3,815,358
Cash and bank balances	9,467,678	-	9,467,678
	52,259,811	-	52,259,811
Financial liabilities			
Trade and other payables #	-	11,151,915	11,151,915
Loans and borrowings	-	49,434,930	49,434,930
		60,586,845	60,586,845

^{*} The amount exclude prepayments and GST refundable.

[#] The amount exclude deferred income and GST payables.





34. FINANCIAL INSTRUMENTS cont'd

(a) Categories of Financial Instruments cont'd

	Loans and Receivables	Other Financial Liabilities at Amortised Cost	Total
	RM	RM	RM
Company			
2016			
Financial assets			
Other receivables	48,060	-	48,060
Amount due from subsidiaries	52,626,945	-	52,626,945
Cash and bank balances	2,081,220	-	2,081,220
	54,756,225	-	54,756,225
Financial liabilities			
Other payables and accruals	-	1,671,472	1,671,472
Amount due to subsidiaries	-	16,107,815	16,107,815
Loans and borrowings	-	39,427,800	39,427,800
	-	57,207,087	57,207,087
2015			
Financial assets			
Other receivables	48,060	-	48,060
Amount due from subsidiaries	74,477,280	-	74,477,280
Cash and bank balances	1,732,612	-	1,732,612
	76,257,952	-	76,257,952
Financial liabilities			
Other payables and accruals	-	433,853	433,853
Amount due to subsidiaries	-	6,900,821	6,900,821
Loans and borrowings	-	48,775,800	48,775,800
		56,110,474	56,110,474





34. FINANCIAL INSTRUMENTS cont'd

(b) Fair Value of Financial Instruments

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(i) Cash and cash equivalents, trade and other receivables and payables

The carrying amounts of cash and cash equivalents, trade and other receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

The fair value of non-current trade receivables is estimated by discounting future cash flows using current lending/borrowing rates for similar types of arrangements.

(ii) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of long term floating rate loans are reasonable approximation of fair values as the loan will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease is estimated using discounted cash flows analysis, based on current lending rates for similar types of arrangements.

(iii) The nominal or notional amount and net fair value of corporate guarantee given (as disclosed in Note 31 to the financial statements) are not recognised in the statements of financial position as at 31st December 2016 as it is not practicable to make a reliable estimate due to uncertainties of timing, costs and eventual outcome.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1:

Quoted prices in active market for identical assets or liabilities.

Level 2:

Inputs other than quoted prices included within level 1 that are observable for the asset or liability.

Level 3

Inputs for the asset or liability that are not based on observable market date.

	Fair Value of Financial Instruments Not Carried At Fair Value				Total Fair Value	Carrying amount
	Level 1	Level 2	Level 3	Total		
	RM	RM	RM	RM	RM	RM
Financial liabilities						
Loans and borrowings						
Group						
- 2016	-	42,017,256	-	42,017,256	42,017,256	42,017,256
- 2015	_	49,434,930	-	49,434,930	49,434,930	49,434,930
Company						
- 2016	-	39,427,800	-	39,427,800	39,427,800	39,427,800
- 2015	-	48,775,800	-	48,775,800	48,775,800	48,775,800





35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk and liquidity risk. The Group and the Company have adopted a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

(i) Credit Risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. The Company's exposure to credit risk arises principally from loan, advances and financial guarantees to subsidiaries.

The Group have a credit policy in place to monitor and minimise the exposure of default. Trade and other receivables are monitored on a regular and an ongoing basis. Credit evaluations are performed on all customers requiring credit over certain amount.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables recognised in the statements of financial position.

Information regarding credit enhancements for trade receivables is disclosed in Note 10 to the financial statements.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the ageing profile of its trade receivables on an on-going basis. The Group's trade receivables credit risk is concentrated in Malaysia.

There is no significant concentration of credit risk of the Group. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the statement of financial position.

Financial assets that are neither past due nor impaired

Information regarding to trade receivables that are neither past due nor impaired is disclosed in Note 10 to the financial statements.

Deposits with banks and other financial institutions are placed with or entered into with reputable and licensed financial institutions.

Inter-company balances

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Financial guarantee

The Company is exposed to credit risk in relation to financial guarantee given to banks in respect of bank facilities granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amount to RM5,903,488 (2015: RM7,147,640) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 31 to the financial statements.

As at the end of the reporting period, there was no indication that any subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.





35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES cont'd

(ii) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the Group to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted repayment at the reporting date are as follows:

	Carrying Amount	Contractual Undiscounted Cash Flows	On demand or within 1 year	1 to 5 years	Total
	RM	RM	RM	RM	RM
Financial liabilities					
Group					
2016					
Trade and other payables #	14,175,895	14,175,895	14,175,895	-	14,175,895
Loans and borrowings	42,017,256	46,315,007	18,058,517	28,256,490	46,315,007
	56,193,151	60,490,902	32,234,412	28,256,490	60,490,902
2015					
Trade and other payables #	11,151,915	11,151,915	11,151,915	-	11,151,915
Loans and borrowings	49,434,930	56,598,984	12,607,747	43,991,237	56,598,984
	60,586,845	67,750,899	23,759,662	43,991,237	67,750,899
Company					
2016					
Other payables and accruals	1,671,472	1,671,472	1,671,472	-	1,671,472
Amount due to subsidiaries	16,107,815	16,107,815	16,107,815	-	16,107,815
Loans and borrowings	39,427,800	43,514,146	15,528,949	27,985,197	43,514,146
Financial guarantee contracts ^	-	5,903,488	5,903,488	-	5,903,488
	57,207,087	67,196,921	39,211,724	27,985,197	67,196,921
2015					
Other payables and accruals	433,853	433,853	433,853	-	433,853
Amount due to subsidiaries	6,900,821	6,900,821	6,900,821	-	6,900,821
Loans and borrowings	48,775,800	55,886,572	12,372,426	43,514,146	55,886,572
Financial guarantee contracts ^	-	7,147,640	7,147,640	-	7,147,640
	56,110,474	70,368,886	26,854,740	43,514,146	70,368,886

[#] The amount exclude deferred income and GST payables.

[^] The Company has given corporate guarantee to bank on behalf of certain subsidiaries. The potential exposure of the financial guarantee contracts is equivalent to the amount of the banking facilities being utilised by the said subsidiaries.





35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES cont'd

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. The Group do not enter into interest rate hedging transactions as the cost of such instruments outweighs the potential risk of interest rate fluctuation.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts at the end of the reporting date was:

	Effective interest rate	Within 1 year	1 to 5 years	Total
	%	RM	RM	RM
Group				
2016				
Fixed Rate				
Financial Asset				
Deposits placed with licensed banks	1.80 - 3.15	750,735	-	750,735
Financial Liabilities				
Hire purchase payables	2.51 - 4.00	162,778	260,698	423,476
Floating Rate				
Financial Liabilities				
Term loans	6.32 - 7.85	13,240,500	26,187,300	39,427,800
Bank overdraft	8.15 - 8.52	2,165,980		2,165,980
2015				
Fixed Rate				
Financial Asset				
Deposits placed with licensed banks	1.80 - 3.15	3,815,358	-	3,815,358
Financial Liabilities				
Hire purchase payables	2.51 - 4.00	215,172	443,958	659,130
Floating Rate				
Financial Liabilities				
Term loans	6.32 - 7.85	9,348,000	39,427,800	48,775,800





35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES cont'd

(iii) Interest Rate Risk cont'd

	Effective interest rate	Within 1 year	1 to 5 years	Total
	%	RM	RM	RM
Company				
2016				
Financial Liabilities				
Floating Rate				
Term loans	6.32 - 7.85	13,240,500	26,187,300	39,427,800
2015				
Term loans	6.32 - 7.85	9,348,000	39,427,800	48,775,800

Sensitivity analysis for floating rate instruments

A change in 1% in interest rate at the end of the reporting period would have increased/(decreased) the Group's and the Company's profit/(loss) before tax and equity by the amounts shown below. This analysis assumes that all other variables remained unchanged.

	Group					
	20:	16	20	15		
	Interest rate Increase 1%	Interest rate Decrease 1%	Interest rate Increase 1%	Interest rate Decrease 1%		
	RM	RM	RM	RM		
Profits before tax						
and equity	(415,938)	415,938	(487,758)	487,758		
	Company					
	20:	16	2015			
	Interest rate Increase 1%	Interest rate Decrease 1%	Interest rate Increase 1%	Interest rate Decrease 1%		
	RM	RM	RM	RM		
Profits before tax						
and equity	(394,278)	394,278	(487,758)	487,758		





35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES cont'd

(iv) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly Bahrain Dinar, United States Dollar and Arab Emirated Dirham. The Group's trade receivables and trade payables balance at the reporting date have similar exposure.

Sensitivity analysis for foreign currency risk

A 10% strengthening/weakening of the RM against respective foreign currencies as at the end of the reporting period would have immaterial impact on profit before tax.

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 2nd September 2016, the Company has proposed a placement of 10% of the issued share and paid-up share \ capital. Subsequently on 29th September 2016, Bursa Securities approved the placement of 36,021,725 issued and paid-up share capital but subject to conditions. The Board has on 11th October 2016 fixed the issue price for the first placement tranche of 11,848,341 placement shares at RM0.211 each. Subsequently on 17th October 2016, the placement of 11,848,341 issued and paid-up share capital on the ACE Market of Bursa Securities was completed.

On 30th March 2017, the Board fixed the issue price for the second placement tranche of 16,681,027 placement shares at RM0.21 each. Subsequently on 11th April 2017, the placement of 16,681,027 issued and paid-up share capital on the ACE Market of Bursa Securities was completed.

- (b) On 5th December 2016, the Group has proposed:
 - (i) disposal to Asiamet Education Group Berhad ("AEGB") by the Company and SMR Education Sdn. Bhd. ("SMRE"), of the entire issued and paid up share capital of CUCMS Education Sdn. Bhd. ("CUCMS") for a total disposal consideration of RM166 million to be satisfied via the issuance of approximately 248,897,163 new ordinary shares of RM0.20 each in AEGB to the Company and 581,102,837 new AEGB shares to SMRE at an issue price of RM0.20 ("Proposed Disposal);
 - (ii) placement up to 210,000,000 consideration shares at an issue price of RM0.20 by SMRE to third party investors to be identified later prior to the listing of and quotation for the consideration shares on the Main Market of Bursa Malaysia Securities Berhad; and
 - (iii) exemption under Paragraph 4.08(1)(A) of the rules on take-overs, mergers and compulsory acquisitions to SMRE from the obligation to undertake a mandatory take-over offer to acquire all the remaining AEGB shares not already owned by SMRE and parties acting in concert with it, namely the Company, Strategic Ambience Sdn. Bhd., Arenga Pinnata Sdn Bhd, Creador II, LLC and Creador II, LP upon completion of the Proposed Disposal.

The above proposals are currently pending approvals from the relevant authorities.

37. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) Companies Act 2016

The Minister of Domestic Trade, Co-operatives and Consumerism appointed 31st January 2017 as the date on which Companies Act 2016 comes into operation except for Section 241 and Division 8 of Part III.

Accordingly, the Group and the Company shall prepare the financial statements for the financial year ending 31st December 2017 in accordance with the requirements of Companies Act 2016 which will be applied prospectively.

Amongst the key changes introduced in the Companies Act 2016 which will affect the financial statements of the Group and of the Company are, where applicable:





37. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR cont'd

(a) Companies Act 2016 (Continued)

- · the removal of the authorised share capital;
- shares issued will have no par or nominal value; and
- share premium and capital redemption reserve will become part of share capital.

In addition, the financial statements disclosure requirements under the Companies Act 2016 are different from those requirements set out in the Companies Act 1965. Consequently, items to be disclosed in the Group's and the Company's financial statements for the financial year ending 31st December 2017 may be different from those disclosed in the financial statements for the current financial year.

(b) On 8th February 2017, CUCMS, a wholly owned subsidiary of the Company entered into a Share Sale Agreement ("SSA") with Country Heights Holdings Berhad ("CHHB") and Mohamed Rasidi Bin Harun for the acquisition of 1,142,880 ordinary shares of RM1.00 each in Country Heights Education Sdn Bhd ("CHESB"), representing 80% of the ordinary shares in CHESB and 6,771,000 cumulative redeemable preference shares of RM0.01 each in CHESB, representing all of the cumulative redeemable preference shares in CHESB for a total cash consideration of RM120,001. The remaining 20% of the ordinary shares in CHESB shall be acquired by Ng Yew Ming.

On 7th March 2017, CUCMS and Ng Yin Ming entered into a Deed of Termination with CHHB and Mohamed Rasidi Bin Harun to terminate the SSA.

38. OTHER COMMITMENTS

Operating lease commitment - Lessee

The Group leases number of campus, hostel and equipment under operating leases for average lease term between 3 to 25 years, with option to renew the lease at the end of the lease term for the equipment.

Future minimum rental payable under non-cancellable operating leases at the reporting date is as follows:

	Gro	up
	2016	2015
	RM	RM
- Not later than one year	14,066,538	13,966,538
- Later than one year but not later		
than five years	74,881,798	67,600,048
- Later than five years	206,525,338	227,873,626
	295,473,674	309,440,212





39. CAPITAL MANAGEMENT

The primary objective of the Group's and Company's capital management is to ensure that it maintains a strong capital base and safeguard the Group's and Company's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Group monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements, if any.

The debt-to-equity ratios at 31st December 2016 and 31st December 2015 are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Total borrowings	42,017,256	49,434,930	39,427,800	48,775,800
Less : Cash and cash equivalents	(5,914,462)	(13,283,036)	(2,081,220)	(1,732,612)
Capital and net debts	36,102,794	36,151,894	37,346,580	47,043,188
Shareholders' funds	33,581,798	60,726,719	28,239,256	49,676,974
Gearing ratio	107.51%	59.53%	132.25%	94.70%

There were no changes in the Group's approach to the capital management during the financial year.

The Company is required to comply with the disclosure and necessary capital requirements as prescribed in the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad and also certain capital requirements in respect of its borrowings.

As disclosed in Note 20 to the financial statements, a direct subsidiary of the Company, SMR Gulf WLL, is required by Bahrain Commercial Companies Law to transfer at least 10% of the profit for each year to the statutory reserve until such time the reserve total is 50% of the issued capital of the company. The reserve is not available for distribution except in the circumstances stipulated in the Bahrain Commercial Law.





SUPPLEMENTARY INFORMATIONON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25th March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.07 and 2.23 of Bursa Malaysia Ace Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20th December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and the Company as at 31st December 2016 and 31st December 2015 are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Total (accumulated losses)/				
retained profits of the				
Company and its subsidiaries				
- Realised	(17,978,012)	16,480,534	(35,851,825)	(4,468,249)
- Unrealised	(2,628,516)	(3,349,603)	-	-
	(20,606,528)	13,130,931	(35,851,825)	(4,468,249)
Total share of accumulated				
losses from an associate				
- Realised	(22,813,162)	(15,891,718)	-	-
- Unrealised	-	-	-	-
	(22,813,162)	(15,891,718)	-	-
Less: Consolidated adjustments	8,987,817	5,289,353	-	-
Total (accumulated losses)/ retained profits	(34,431,873)	2,528,566	(35,851,825)	(4,468,249)

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20th December 2010.

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.





STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, TAN SRI DATO' DR. PALANIAPPAN A/L RAMANATHAN CHETTIAR and MALAYANDI @ KALAIARASU, being two of the directors of SMRT HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the financial statements set out on page 58 to 137 are properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31st December 2016 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out on page 138 has been prepared in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

n behalf of the Board,	
AN SRI DATO' DR. PALANIAPPAN	MALAYANDI @ KALAIARASU
/L RAMANATHAN CHETTIAR irector	Director

Date: 20th April 2017





STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, TAN SRI DATO' DR. PALANIAPPAN A/L RAMANATHAN CHETTIAR, being the director primarily responsible for the financial management of SMRT HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on page 58 to 137 and the supplementary information set out on page 138 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

TAN SRI DATO' DR. PALANIAPPAN A/L RAMANATHAN CHETTIAR

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 20th April 2017.

Before me,

License No. W607

GURDEEP SINGH A/L JAG SINGHCommissioner for Oaths

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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SMRT Holdings Berhad, which comprise the statements of financial position as at 31st December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to financial statements, including a summary of significant accounting policies, as set out on pages 58 to 137.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st December 2016, and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill (Note 7 to the financial statements)

The goodwill is required to be tested for impairment annually. We focused on this area because the impairment assessment requires the exercise of significant judgements and estimates by the Group on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates and gross profit margin.

Our response:

Our audit procedures included, among others:

- comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key assumptions such as discount rates, forecast growth rates and gross profit margin;
- · testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be more sensitive to the recoverable amount.

Intangible assets - Development costs (Note 8 to the financial statements)

We focused on this area because judgement is required in identifying whether there is any indication of impairment in relation to development costs.

The Group is required to make an estimate on the recoverable amount and determined the quantum of impairment required if such indication exist.

Our response:

Our audit procedures included, among others:

- assessing the Group's basis in identifying indication of impairment;
- reviewing supporting documents which substantiate the measurement of impairment provided; and





testing mathematical accuracy of the impairment assessment.

Receivables (Note 10 and Note 11 to the financial statements)

We focused on this area because the Company and the Group made subjective judgements over both the events or changes in circumstances indicating that receivables are impaired and the estimation of the size of any such impairment. The receivables are monitored individually by the Group and the Company therefore the impairment is assessed based on knowledge of each individual receivable.

Our response:

Our audit procedures included, among others:

- developing an understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection reports prepared by the Group;
- obtaining confirmation of balances from selected receivables where applicable;
- reviewing subsequent receipts and considering level of activity with the customer and the Group explanation on recoverability with significantly past due balances; and
- · assessing the reasonableness of impairment charges for identified credit exposures.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMRT HOLDINGS BERHAD

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Companies Act 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act 1965 in Malaysia.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements, being accounts that have been included in the consolidated accounts.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act 1965 in Malaysia.





Other Reporting Responsibilities

The supplementary information set out on page 138 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng No. AF 0117 Chartered Accountants **Dato' Lock Peng Kuan** No. 02819/10/2018 J Chartered Accountant

Kuala Lumpur

Date: 20th April 2017





Location	Description	Tenure	Existing use	Built-up area	Age of Building (years)	Net Book Value as at 31.12.2016 RM'000	Year of Acquisition
Suite 2A-23-2 Block 2A, Level 23 Plaza Sentral Jalan Stesen Sentral 5 50470 Kuala Lumpur	Office suite	Freehold	Office	3,893 square feet	11 years	3,921	2006

(Date of last revaluation: 14th June 2013)

The property has been pledged as security by way of a Facility Agreement and Deed of Assignment to secure banking facilities as disclosed in Note 24 on Page 116 to the financial Statements.





SHAREHOLDINGS STRUCTURE

Authorised share capital : RM 50,000,000.00

Issued and fully paid up capital : RM 29,714,202.70 (excluding Treasury Shares of 211,100)

Class of shares : Ordinary Shares

Voting Rights : One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	349	12.93	11,371	0.00
100 – 999	181	6.71	44,165	0.01
1,000 – 4,999	317	11.75	735,776	0.25
5,000 – 10,000	579	21.45	4,663,532	1.57
10,001 - 100,000	1,022	37.87	38,438,947	12.93
100,001 - 1,000,000	227	8.41	60,352,359	20.30
Over 1,000,000	24	0.89	193,106,977	64.94
TOTAL	2,699	100.00	297,353,127	100.00

DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
Directors	No. of Shareholdings	%	No. of Shareholdings	%
Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar	7,248,797	2.44	58,837,318	19.80(1)
Tuan Haji Ishak Bin Hashim	6,610	0.00(3)	-	
Leow Nan Chye	485,200	0.16	-	
Malayandi @ Kalaiarasu	33,333	0.01	-	-
Dato' (Dr) Asariah Binti Mior Shaharuddin	-	-	-	-

SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
Directors	No. of Shareholdings	%	No. of Shareholdings	%
Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar	7,248,797	2.44	58,837,318	19.80(1)
Puan Sri Kamatchi @ Valliammai A/P Malayandi	9,346	$0.00^{(3)}$	66,076,769	22.24(2)
Special Flagship Holdings Sdn Bhd	58,827,972	19.80	-	-
Fikir Wawasan Sdn Bhd	28,704,787	9.66	-	-
Priority Digit Sdn Bhd	18,168,080	6.11	-	-

Notes:

- (1) Deemed interested as per Section 6A and 122A of the Act, by virtue of his shareholdings in Special Flagship Holdings Sdn Bhd and the shareholdings of his wife, Puan Sri Kamatchi @ Valliammai A/P Malayandi.
- (2) Deemed interested as per Section 6A and 122A of the Act, by virtue of her shareholdings in Special Flagship Holdings Sdn Bhd and the shareholdings of her husband, Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar.
- (3) Negligible.





LIST OF TOP 30 SHAREHOLDERS

No	Name	No. of shareholdings	%
1	Special Flagship Holdings Sdn Bhd	54,422,972	18.32
2	Fikir Wawasan Sdn Bhd	28,704,787	9.66
3	Priority Digit Sdn Bhd	18,168,080	6.11
4	Goldleaf Pavilion Sdn Bhd	14,038,800	4.72
5	Tecr Bina Sdn Bhd	11,848,341	3.99
6	Destini Berhad	10,399,900	3.50
7	Palaniappan A/L Ramanathan Chettiar	7,248,744	2.44
8	JF Apex Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Abd Aziz Bin Sheikh Fadzir (Margin)	7,233,900	2.43
9	Chan Chee Woei	5,042,020	1.70
10	RHB Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Melody Station Sdn Bhd	5,007,600	1.69
11	Special Flagship Holdings Sdn Bhd	4,405,000	1.48
12	Ong Kim Hong	3,803,600	1.28
13	Public Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Tan Siew Cheng (E-IMO)	3,000,000	1.01
14	Hong Chin Teck	2,900,000	0.98
15	RHB Capital Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Chan Kam Fut	2,270,000	0.76
16	RHB Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Tev Vest Sdn Bhd	2,168,800	0.73
17	Lee Jong Weng	2,162,300	0.73
18	CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary : CIMB Bank for Freddy Lim Yong Cheng (MY1687)	1,988,000	0.67
19	Khor Sok Boey	1,700,000	0.57
20	L Sundra Surian A/L N Lechumanan	1,700,000	0.57
21	CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary : CIMB Bank for Koh Kin Lip (MY0502)	1,330,000	0.45





LIST OF TOP 30 SHAREHOLDERS cont'd

No	Name	No. of shareholdings	%
22	Lee Chee Keong	1,250,100	0.42
23	Subramanian A/L Amamalay	1,183,433	0.40
24	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Ng Kok Sing	1,130,600	0.38
25	CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary : CIMB Bank for Rickoh Corporation Sdn Bhd (MY0507)	1,000,000	0.34
26	Public Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Chiew Lay Huah (E-KPG)	900,000	0.30
27	Wong Hing Hon @ Wong Heng Hun	875,500	0.29
28	Sugantheran A/L K.Thangavelu	819,000	0.28
29	Public Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Yu Chong Choo (E-TAI)	816,000	0.27
30	Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Ling Tong Kiek	762,000	0.26
	TOTAL	198,279,477	66.73





WARRANT HOLDINGS STRUCTURE

No. of Warrant in Issue : 74,712,468
No. of Warrant exercised : 11,251,365
Exercise Price of Warrant : 9th August 2017

DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	305	26.71	9,380	0.01
100 – 999	84	7.36	40,081	0.05
1,000 – 4,999	109	9.54	281,301	0.38
5,000 – 10,000	168	14.71	1,318,733	1.77
10,001 - 100,000	364	31.87	15,347,770	20.54
100,001 - 1,000,000	104	9.11	27,614,116	36.96
Over 1,000,000	8	0.70	30,101,087	40.29
TOTAL	1,142	100.00	74,712,468	100.00

DIRECTORS' WARRANT HOLDINGS

	Direct		Indirect	
Directors	No. of Shareholdings	%	No. of Shareholdings	%
Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar	31	0.00(2)	4,673	$0.00^{(1)}$
Tuan Haji Ishak Bin Hashim	12,500	0.02	-	-
Leow Nan Chye	220,050	0.29	-	-
Malayandi A/L Kalaiarasu	16,666	0.02	-	-
Dato' (Dr) Asariah Binti Mior Shaharuddin	-	-	-	-

Notes:

- (1) Deemed interested by virtue of his spouse, Puan Sri Kamatchi's shareholdings in the company.
- (2) Negligible

SUBSTANTIAL WARRANT HOLDERS

	Direct		Indirect	
Name	No. of Shareholdings	%	No. of Shareholdings	%
Fikir Wawasan Sdn Bhd	10,747,587	14.39	-	_
Dayanine Sdn Bhd	6,000,000	8.03	-	-
Lee Jong Weng	5,720,200	7.66	-	-





LIST OF TOP 30 WARRANT HOLDERS

No	Name	No. of shareholdings	%
1	Fikir Wawasan Sdn Bhd	10,747,587	14.39
2	Dayanine Sdn Bhd	6,000,000	8.03
3	Lee Jong Weng	5,720,200	7.66
4	Public Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Tan Siew Cheng (E-IMO)	2,058,000	2.75
5	Lee Chee Keong	1,700,000	2.28
6	CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary: CIMB Bank For Freddy Lim Yong Cheng (MY1687)	1,623,800	2.17
7	Public Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Neoh Leong Seng (E-IMO)	1,170,000	1.57
8	Gianluca Orlandi	1,081,500	1.45
9	Lau Fui Seng	1,000,000	1.34
10	Syed Mohd Muzakir Bin Syed Hussin	990,000	1.33
11	RHB Capital Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Loong Sze Tung	850,000	1.14
12	Public Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Ng Kok Siang (E-TSA)	640,000	0.86
13	Foo Pooi Ling	600,000	0.80
14	Public Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Chiew Lay Huah (E-KPG)	600,000	0.80
15	See Rong Zhi	600,000	0.80
16	Chai Chee Kiong	500,000	0.67
17	Maybank Securities Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Vincent Phua Chee Ee	500,000	0.67
18	Ng Wai Hoong	500,000	0.67
19	Pek Eng Seong	500,000	0.67
20	Public Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Tan Chun How (E-TSA)	500,000	0.67
21	SJ Sec Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Halimi Bin Ibrahim (SMT)	500,000	0.67
22	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary: Ahmad Rizal Bin Ahmad Azhar	456,500	0.61
23	Toh Wee Keng	450,900	0.60
24	Affin Hwang Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Prema A/P Margali (PRE0005C)	400,000	0.54
25	Ong Kim Hong	400,000	0.54
26	Shin Kam Sun	390,000	0.52
27	Junnaina Oh Binti Abdullah	385,000	0.52
28	Sharifudin Bin Abdullah	373,800	0.50
29	Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Chow Hung Keey (029)	367,000	0.49
30	Siti Aisyah Mah Binti Abdullah	366,000	0.49
	TOTAL	41,970,287	56.20





NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of the Company will be held at The Auditorium, Cyberjaya University College of Medical Sciences, No 3410, Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan on Thursday, 25th May 2017 at 10.00 a.m. for the following purposes:

AGENDA

ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31st Please refer to December 2016 together with the Reports of the Directors and Auditors thereon. **Explanatory Note**

2. To approve the payment of Directors' Fees of RM144,000.00 for the financial year Resolution 1 ended 31st December 2016.

3. To approve the payment of Directors' Fees of RM144,000.00 for the financial year Resolution 2 ending 31st December 2017.

4. To re-elect Mr Malayandi @ Kalaiarasu who retires in accordance with Article 94 of the **Resolution 3** Company's Articles of Association and being eligible, offers himself for re-election.

5. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company for Resolution 4 the ensuing year and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modifications, the following Ordinary Resolutions:

6. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 75 OF THE **COMPANIES ACT, 2016**

"THAT subject always to the Companies Act, 2016 and the approvals of the relevant Resolution 5 governmental and/or regulatory authorities, the Directors be and are hereby Please refer to empowered pursuant to Section 75 of the Companies Act, 2016, to issue and allot **Explanatory Note** shares in the Company at any time to such persons and upon such terms and 2 conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation of the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. **RE-APPOINTMENT OF DIRECTOR**

"THAT Tuan Haji Ishak Bin Hashim be and is hereby re-appointed as Director of the Resolution 6 Company."

Please refer to **Explanatory Note** 3





8. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS PURSUANT TO RECOMMENDATION 3.3 OF THE MALAYSIAN CODE ON CORPORATE **GOVERNANCE 2012**

"THAT pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Resolution 7 Governance 2012, Mr Leow Nan Chye who has served the Board as an Independent Please refer to Non-Executive Director of the Company for a term of twelve (12) years since 5th Explanatory Note October 2005 be and is hereby retained as Independent Non-Executive Director of 4 the Company."

"THAT subject to the passing of Resolution 6 and pursuant to Recommendation Resolution 8 3.3 of the Malaysian Code on Corporate Governance 2012, Tuan Haji Ishak Bin Please refer to Hashim who has served the Board as an Independent Non-Executive Director of the **Explanatory Note** Company for a term of twelve (12) years since 5th October 2005 be and is hereby 4 retained as Independent Non-Executive Director of the Company."

9. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT **RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** ("PROPOSED RENEWAL OF MANDATE")

"THAT the Company and/or its subsidiaries shall be mandated to enter into the Resolution 9 category of recurrent related party transactions of a revenue or trading nature Please refer to which are necessary for the day to day operations as set out in the Circular to Explanatory Note Shareholders dated 28th April 2017 subject to the following:

- (a) the transactions are in the ordinary course of business and are on normal commercial terms which are consistent with the Group's normal business practices and policies and on transaction prices and terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders; and
- (b) disclosure is made in the annual report which requires a breakdown of the aggregate value of the recurrent related party transactions entered into during the financial year, including amongst others, the following information:
 - i. the types of recurrent related party transactions and;
 - ii. the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company;

AND THAT such approval shall continue to be in force until:

- the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which the Proposed Renewal of Mandate is passed, at which time such mandate will lapse, unless by a resolution passed at the meeting, authority for the Proposed Renewal of Mandate is renewed; or
- (b) the expiration of the period, within which the next Annual General Meeting is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or





cont'd

revoked or varied by resolution passed by the shareholders in general meeting;

whichever is earlier,

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or give effect to the transactions contemplated and/or authorised by this ordinary resolution."

10. PROPOSED RENEWAL OF SHARE BUY-BACK BY THE COMPANY TO PURCHASE UP TO 10% OF ITS OWN ISSUED AND PAID-UP SHARE CAPITAL

"THAT subject to the compliance with Section 127 of the Companies Act, 2016 and Resolution 10 all other applicable laws, rules and regulations, approval be and is hereby given Please refer to to the Company to purchase such amount of ordinary shares in the Company as **Explanatory Note** may be determined by the Directors of the Company from time to time through 6 Bursa Malaysia Securities Berhad as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed 10% of the existing issued and paid-up ordinary share capital of the Company including the shares previously purchased and retained as Treasury Shares (if any) and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits and share premium account of the Company and upon such terms and conditions as set out in the Statement to Shareholders dated 28th April 2017.

AND THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held unless revoked or varied

AND THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as Treasury Shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company."

ANY OTHER BUSINESS:

11. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 2016.





BY ORDER OF THE BOARD

WONG YOUN KIM (MAICSA 7018778) YIP SIEW CHENG (MAICSA 7006780) Company Secretaries

Kuala Lumpur

Dated: 28th April 2017

NOTES:

- 1. A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies (or being a corporate member, a corporate representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
- 2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- 3. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.
- 4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- 5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or executed must be deposited at the Registered Office of the Company at Suite 2A-23-1, Block 2A, Level 23, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- 6. Only members whose names appear in the Record of Depositors on 19th May 2017 shall be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.

EXPLANATORY NOTES:

1. Audited Financial Statements

This item of the Agenda is meant for discussion only. The provisions of Section 340(1) of the Companies Act, 2016 require the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this item of the Agenda is not a business which requires a resolution to be put to vote by shareholders.

2. Authority to Issue Shares

The proposed Ordinary Resolution 5 is a renewal of the previous year's mandate and if passed, will authorise the Directors of the Company to issue new shares up to a maximum of 10% of the issued and paid-up share capital of the Company at the time of issue, for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The general mandate granted by the shareholders at the last Annual General Meeting of the Company held on 26th May 2016 have been utilised via a private placement exercise of which the 1st tranche of private





cont'd

2. Authority to Issue Shares cont'd

placement have been completed on 18th October 2016 where 11,848,341 new ordinary shares of RM0.10 each have been issued. The proceeds of RM2,500,000.00 raised from the private placement exercise had been utilised in the following manner as at 31st March 2017:

	RM'000
Proceeds from Private Placement	2,500
Utilisations:	
Repayment of bank borrowings	1,850
Working capital	550
Expenses for Private Placement	<i>77</i>
,	2,477
Balance of unutilised proceeds as at 31st March 2017	23

This mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. This mandate is also meant for any possible fund raising exercises including but not limited to further placement of shares, for purpose of funding current and/or future investments, working capital and/or acquisitions.

3. Re-appointment of Director

The proposed Ordinary Resolution 6 is to seek shareholders' approval on the re-appointment of Tuan Haji Ishak Bin Hashim, who had been re-appointed in the last Annual General Meeting held on 26th May 2016 as Director under Section 129(2) of the former Companies Act 1965 which was then in force and whose term would expire at the conclusion of this meeting, as Director of the Company. If passed, the proposed Ordinary Resolution 6 will authorise the continuation of the Director in office from the date of this Annual General Meeting onwards.

4. Retention of Independent Directors

The proposed Ordinary Resolutions 7 and 8 are to seek shareholders' approval to retain Mr Leow Nan Chye and Tuan Haji Ishak Bin Hashim as Independent Non-Executive Directors. They have served the Company as Independent Non-Executive Directors since 5th October 2005 for a cumulative period of over nine (9) years. The Nomination Committee has made the necessary assessment and recommended to the Board that they be retained as Independent Directors of the Company based on their ability to maintain independence of judgement and to express and maintained unbiased views without any influence. They are familiar with the Group's business operations and have devoted time and commitment and have exercised due care in discharging their duties and responsibilities as Independent Non-Executive Directors. They have fulfilled the criteria under the definition of Independent Director as defined in the Listing Requirements of Bursa Malaysia Securities Berhad.

5. Recurrent Related Party Transactions

The proposed Ordinary Resolution 9 is to seek a renewal of shareholders' mandate to allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature. For further information, please refer to the Circular to Shareholders dated 28th April 2017.

6. Share Buy-Back

The proposed Ordinary Resolution 10 is intended to allow the Company to purchase up to 10% of its own issued and paid-up share capital at any time within the time period stipulated in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. For further information, please refer to the Statement to Shareholders dated 28th April 2017.





STATEMENT ACCOMPANYING NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING

1. The Director seeking re-election at the Thirteenth Annual General Meeting of the Company pursuant to Article 94 of the Company's Articles of Association is Mr Malayandi @ Kalaiarasu.

The profile of the Director seeking re-election is set out on page [x] of this Annual Report.

- 2. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 31st December 2016 are disclosed in the Statement on Corporate Governance set out on page [x] of this Annual Report.
- 3. The details of the Thirteenth Annual General Meeting are as follows:

Date of Meeting

Thursday, 25th May 2017

Time of Meeting

10.00 a.m.

Place of Meeting

The Auditorium Cyberjaya University College of Medical Sciences No 3410 Jalan Teknokrat 3 Cyber 4, 63000 Cyberjaya Selangor Darul Ehsan



FORM OF PROXY

*I/We_		(5)	*NRIC/Company No
		(Block Letters)	
being	a member/ı		med Company, hereby appoint
or	failing		
of			

or failing *him/her, the CHAIRMAN of the meeting, as *my/our proxy to vote for *me/us on *my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at The Auditorium, Cyberjaya University College of Medical Sciences, No 3410, Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan on Thursday, 25th May 2017 at 10.00 a.m. and at any adjournment thereof in the manner indicated below:

No.	Resolutions		For	Against					
ORD	ORDINARY BUSINESS								
1.	To approve the payment of Directors' Fees of RM144,000.00 for the financial year ended 31st December 2016.	Resolution 1							
2.	To approve the payment of Directors' Fees of RM144,000.00 for the financial year ending 31st December 2017.	Resolution 2							
3.	To re-elect Mr Malayandi @ Kalaiarasu who retires in accordance with Article 94 of the Company's Articles of Association and being eligible, offers himself for re-election.	Resolution 3							
4.	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Resolution 4							
SPECIAL BUSINESS									
5.	Authority to Issue Shares pursuant to Section 75 of the Companies Act, 2016.	Resolution 5							
6.	Re-appointment of Director, Tuan Haji Ishak Bin Hashim.	Resolution 6							
7.	Retention of Independent Non-Executive Director pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 – Mr Leow Nan Chye.	Resolution 7							
8.	Retention of Independent Non-Executive Director pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 and subject to passing of Resolution 6 – Tuan Haji Ishak Bin Hashim.	Resolution 8							
9.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Mandate").	Resolution 9							
10.	Proposed Renewal of Share Buy-Back by the Company to Purchase Up To 10% of Its Own Issued and Paid-Up Share Capital.	Resolution 10							

Please indicate with an "X" in the appropriate box against the resolution on how you wish your proxy to vote. If no specific instruction as to voting is given, the proxy will vote at *his/her discretion.

Number of Shares	
CDS Account No	
Date	

	Signature		

Notes:

- 1. A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies (or being a corporate member, a corporate representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
- 2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- 3. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.
- 4. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- 5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or executed must be deposited at the Registered Office of the Company at Suite 2A-23-1, Block 2A, Level 23, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- 6. Only members whose names appear in the Record of Depositors on 19th May 2017 shall be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.

*Delete where inapplicable

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Affix Stamp here

The Company Secretary

SMRT Holdings Berhad (659523-T)

Suite 2A-23-1 Block 2A, Level 23 Plaza Sentral Jalan Stesen Sentral 5 KL Sentral, 50470 Kuala Lumpur, Malaysia

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Legning — Ignites the Human Spirit...